April 2022

Statement of commitment

Man Group
UK Stewardship Code 2021

INTELLIGENT RI

Introduction

The UK Stewardship Code ('the Code'), first published by the Financial Reporting Council ('FRC') in 2010 and subsequently revised in 2012 and 2020, is designed to strengthen the quality of engagement between investors and investee companies in order to improve long-term, risk-adjusted returns to shareholders. The Code consists of 12 Principles on an 'apply and explain' basis for asset managers and asset owners, and six Principles for service providers. These Principles are supported by reporting expectations and requirements for signatories.

Man Group recognises that responsible stewardship is fundamental to fulfilling our fiduciary duty for our clients and investors. Accordingly, we fully support the Code, applying its 12 Principles across the firm's investment strategies. In September 2021, we proudly became signatory to the Code, following the submission of our respective UK Stewardship Code Report for the reporting period 1 January to 31 December 2020. On review of our previous submission and the FRC's respective comments, enhancements have been made to our disclosures. Another important point of reference ahead of our resubmission in 2022 was the FRC's Effective Stewardship Reporting Review, published in November 2021, which includes examples of effective reporting and identifies where reporting needs to improve in 2022 across the signatory base.

This document provides Man Group's response to the Code for the reporting period 1 January to 31 December 2021. Our response details how we approach each Principle, in terms of policy and how we conduct business in practice. It is noted that the structure of this report closely follows the Code's proposed order of principles. However, rather than addressing each section in isolation we have recognised the interdependencies and links between effective stewardship and our broader corporate purpose to assist our clients in creating or preserving value for the many millions of individual savers and pensioners that they represent, and have therefore attempted to capture this information as one.

Principles of the UK Stewardship Code

Purpose and governance

1. Purpose, strategy, and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment approach

6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement

9. Engagement
10. Collaboration
11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

CONTEXT REPORTING

1. Purpose, Strategy and Culture

In this section we will outline our purpose, culture, and values. Further, we will describe our business model and strategy and how this is fundamentally linked to exercising stewardship over our clients' entrusted assets.

Man Group is a global, technology-empowered active investment management firm focused on delivering alpha and portfolio solutions for clients. Headquartered in London, we actively manage $148.6bn[1] and operate across multiple offices globally.

Man Group plc is listed on the London Stock Exchange under the ticker EMG.LN and is a constituent of the FTSE 250 Index. Further information can be found at www.man.com.

Our Purpose

We are an active investment management firm focused on delivering outperformance for our clients and the millions of savers they represent.

Our Culture

We have an inclusive, meritocratic culture designed to achieve excellence through collaboration and differentiated thinking.

Our Principles

Our business principles are designed to distil and define our key priorities, focus and culture.

- Performance

We focus on achieving superior risk-adjusted performance.

- Clients

Our clients are at the heart of everything that we do.

- Responsibility

Our people do the right thing and conduct business with the highest standards of integrity.

- Excellence

Good is not enough, we strive to be excellent in all we do.

- Differentiation

We seek to be differentiated and original in our thinking.

- Meritocracy

We succeed through talent, commitment, diligence and teamwork.

Our Business Model

Our clients are at the heart of everything we do and our strengths allow us to help them meet their investment goals through value-added active asset management.

- Creating value

We believe the combination of profit growth, capital generation and dividend yield provides a highly attractive total return to our shareholders over time. Capital growth from performance in our investment strategies together with net inflows from our clients drive organic revenue growth. The operating leverage inherent in our business

[1] As of December 31st 2021. All investment management and advisory services are offered through the investment "engines" of Man AHL, Man Numeric, Man GLG, Man Solutions / FRM and Man GPM.

and reinforced by our technology means profits can grow faster than revenues if we maintain cost discipline, and this in turn supports shareholder returns.

- Single point of contact for our clients

We serve millions of underlying savers through longstanding relationships with the largest institutions and intermediaries in the world, and put our clients' needs at the centre of everything we do.

- Range of investment styles

We offer alternative and long-only strategies run on a quantitative and discretionary basis across liquid and private markets, where each team has the autonomy to apply their own specific approach.

- Diverse talent pool

We are fundamentally a people business. Our talent and collaborative culture are vital components to ensure we deliver the best possible outcomes for all our stakeholders.

- Customised solutions

We understand the unique needs of each of our clients and have the ability to create solutions tailored to meet their individual risk and return requirements.

- Sustainability focused

We recognise the importance of a responsible approach to investing our clients' assets and running Man Group in a sustainable way as we seek to grow.

- Cutting-edge technology

We harness the power of technology to improve performance and efficiency across everything from alpha generation and risk management to trade execution and our operating infrastructure.

Our Strategy

We leverage our 35 years of experience investing in liquid alternatives to deliver alpha and customised solutions for our clients. Four main strategic pillars drive value for Man Group.

- Innovative investment strategies

Combining our exceptional talent and market-leading technology to generate superior investment returns for our clients.

- Strong client relationships

Building long-term partnerships with clients, through one point of contact, to understand their needs and offer solutions to meet their risk and return requirements.

- Efficient and effective operations

Harnessing technology to power investment performance and infrastructure, provide scalable options for growth and create operating efficiencies throughout the firm.

- Returns to shareholders

Generating excess capital to either return to shareholders or reinvest in our business to create long-term value.

Our Climate Strategy

At Man Group, we believe in the absolute necessity of addressing the climate crisis. As stewards of capital and long-term investors, we acknowledge our responsibility to address climate change-related risks and opportunities through our own investment decisions, as well as through our influence on investee companies.

In July 2021, we became a signatory of the Net Zero Asset Managers initiative, committing to the attainment of net zero emissions within our investment portfolios by 2050.

We view the climate transition not only as a risk, but also as an important driver of growth for our business. We recognise the critical importance of adapting our strategies to stay relevant to our clients and cater to their long-term investment objectives as we transition to a low-carbon economy.

We have also committed to achieve net zero carbon in our workplaces by 2030 and were recognised as an FT Europe Climate Leader in 2021 for our work towards reducing emissions. We are on track to meet our targets.

How we address climate-related risks and opportunities

1. Broaden our range of climate-focused investment strategies.
2. Apply a rigorous, data-driven process to Environmental, Social and Governance ('ESG') integration.
3. Focus on our stewardship efforts to drive meaningful, positive outcomes.
4. Contribute to industry-wide initiatives and thought leadership.
5. Manage our operations in a sustainable way.

As our understanding of climate-related risks and opportunities evolves and we develop a better understanding of the interdependencies among climate factors and their impact on our business, we will continue to refine our strategy to build sustainable value for all our stakeholders and support the transition to a low-carbon economy.

Our Diversity and Charity Commitments

We are committed to creating a diverse and inclusive workplace where difference is celebrated and everyone has an equal opportunity to thrive, as well as giving back and contributing positively to our communities. For more information about Man Group's global charitable efforts, and our diversity and inclusion initiatives, please visit: https://www.man.com/corporate-responsibility.

Our Investment Beliefs

We invest across a diverse range of strategies and asset classes, with a mix of long only and alternative strategies run on a discretionary and quantitative basis, across liquid and private markets. Our investment teams work within Man Group's single operating platform, enabling them to invest with a high degree of empowerment while benefiting from the collaboration, strength and resources of the entire firm. Our platform is underpinned by advanced technology, supporting our investment teams at every stage of their process, including alpha generation, portfolio management, trade execution and risk management.

Man Group's investment teams are empowered and supported by our advanced infrastructure and technology, which aim to facilitate the most efficient exposure to markets and effective collaboration across the organisation. The firm's infrastructure encompasses operations, trade execution, compliance, legal, distribution and administration.

Furthermore, we use advanced financial technology and quantitative techniques across our business and believe this enables us to better serve our clients. We are committed to being a leader in this area, and are continually investing in talent, technology and research as we strive to be at the forefront of the industry. We have a unique partnership with the University of Oxford called the Oxford-Man Institute of Quantitative Finance ('OMI'), conducting academic research into machine learning and data analytics, which can be applied to investment management.

We believe we can achieve outperformance because of our technology, our talented professionals and our platform. We have more than 30 years of experience in applying quantitative techniques to financial markets. We believe these techniques and our cutting-edge technology can deliver better outcomes for clients than traditional approaches, and we apply them to new markets each year.

The Board spends a significant amount of time reviewing the performance of our investment strategies. We monitor the sourcing and development of business partnerships with our major clients. We ensure that management is focused on the creation of customised client portfolio solutions to meet investor needs. Investment in our people and our technology is critical to our continuing success.

Our Commitment to Clients

Our clients and the millions of retirees and savers they represent are at the heart of everything we do. We form deep and long-lasting relationships and create tailored solutions to help meet their unique needs. We recognise that responsible investing is intrinsically linked to our fiduciary duty to our clients, and we integrate this approach broadly across the firm.

At the core of Man Group's investment management and distribution capabilities are an institutional quality infrastructure and disciplined risk management, controls, and governance frameworks, which ensure we can grow sustainably and take advantage of new opportunities to generate an attractive return on capital.

Man Group is a proud signatory of the UN-supported Principles for Responsible Investment ('PRI') and is represented on several working groups within the organisation. Additionally, we are a founding member of the Standards Board for Alternative Investments ('SBAI'). These organisations aim to develop and reinforce a framework for the better implementation and adherence of ESG as well as governance for the alternative asset management industry.

We believe that as stewards of our clients' capital we owe it to them to manage their entrusted resources actively and responsibly in order to unlock long-term and sustained value. Accordingly, Man Group fully supports the UK Stewardship Code.

We recognise that part of our fiduciary duty to our clients is the responsible investment ('RI') of the funds we manage on their and their own clients' behalf. In ensuring the sound stewardship of our investors' capital we seek not only to align with the values of our clients but also balance the expectations of our shareholders and all the other stakeholders of Man Group. We view ESG as a natural complement to traditional financial analysis, resulting in a more comprehensive assessment of a company's long-term prospects.

Additionally, Man Group recognises that risk management is an indispensable aspect of our role as an investment manager. Moreover, the increasingly complex nature of risk – from economic and political considerations to financial and non-financial factors – demands the adoption and development of responsible investing capabilities.

Our stewardship structure is receptive to clients' own interests with this being fed into stewardship priorities and reported on annually. Increases to our voting and engagement figures over the years evidences our focus on enhancing stewardship efforts, including on key client concerns such as climate, and meeting client expectations in this area.

Our stewardship efforts have been recognised by ShareAction, in their report, 'Voting Matters 2021'. Man Group was ranked #10 against other asset managers for our support of shareholder resolutions on climate and social issues and most notably, we were ranked #4 among both signatories of the Net Zero Asset Managers initiative and members of Climate Action 100+. Furthermore, Man Group was highlighted as one of only four asset managers to file or co-file a shareholder resolution at any of the asset managers assessed. This speaks to our progress on stewardship and is evidence of how we are actively using our voting rights to support shareholder resolutions through our custom ESG Voting Policy implemented by our Stewardship Team.

Our Commitment to Stewardship

Man Group's business principles, designed to distil and define the firm's key priorities, focus and culture, are intrinsically linked to our stewardship approach. Primarily through the principles of performance, clients and responsibility as we firmly believe that by exercising effective stewardship we have the opportunity to unlock long term sustained value for our clients.

Man Group firmly believes that by exercising effective stewardship we have the opportunity to unlock long term sustained value for our clients. As mentioned, Man Group has five investment engines that offer a broad range of alternative and long-only strategies, run on a systematic and discretionary basis across liquid and private markets. This multi-asset, multi-strategy business necessitates a nuanced and flexible approach to integrating stewardship into the investment process and we have taken a number of actions to ensure effective stewardship across our different investment engines.

Stewardship is central to our discretionary managers' investment decision-making process. Our discretionary managers have exposure to over 2,000 securities from separate corporate issuers and conduct routine meetings with company management teams to discuss economic, financial and non-financial ESG matters. This practice of active, positive engagement is an integral part of our discretionary managers' investment processes, enhancing our research as well as, crucially, helping to reinforce long-term, constructive relationships with investee companies for the benefit of our clients.

Our approach to stewardship reflects our key operational strengths utilising quantitative based research processes to identify engagement opportunities while leveraging the Group's scale and aggregate ownership in securities to promote best practices and affect meaningful, positive outcomes and operational efficiency through our centralised dedicated Stewardship Team.

For example, using our heritage in data to our advantage, we systematically monitor investee companies across a range of measures identifying scenarios where we believe there is a fundamental gap between a holding's material ESG risk that could be managed by the company and what the company is managing. This allows us a high-level overview of our broad holdings. This quantitative assessment is complemented by qualitative research by our dedicated stewardship specialists in devising our engagement target lists.

Whilst on the surface there may not be as many opportunities for a quantitative focused manager to exercise stewardship via active engagement, areas do exist where our quantitative strategies support our broader efforts across the Group. We have designed our approach to stewardship in close collaboration with senior members across Man Group's investment engines, many of whom focus on discretionary climate-related or climate transition strategies to leverage resources across the business to drive sound ESG practices at all investee companies.

To help effectively monitor our investments on key ESG characteristics that may be material to long term performance we have designed our proprietary ESG Analytics Platform ('the Tool'). The Tool was developed internally under the direction of Man Group's RI team, with close collaboration between Man Group's Risk and Performance team, Technology team, and Man Numeric (the firm's fundamentally driven, quantitative investment engine) as well as Man Group's Stewardship Team. The Tool provides our investment teams with an innovative, standardised approach to managing ESG risks and opportunities. It is a proprietary, dashboard-style tool enabling the firm's investment teams to monitor non-financial risks and analyse ESG factors on both a single-stock basis and across portfolios. It embeds a proprietary quantitatively designed ESG scoring system. The designing of the Tool highlights the firm's collaborative, technology driven culture utilising our diverse expertise to design tools that help us achieve our purpose; to assist our clients in creating or preserving value for the many millions of individual savers and pensioners that they represent.

Our commitment to good quality stewardship of our clients' entrusted assets is reflected in us being awarded an A in our Active Ownership UNPRI module. This score sees us above a selected group of investment management peers of similar size and includes more traditional discretionary managers.

2. Governance, Resources and Incentives

Recognising the importance of 'tone from the top' and effective governance systems in promoting good stewardship Man Group has designed a clear governance structure providing oversight of our stewardship initiatives.

Man Group plc Corporate Governance Structure

Man Group strives to ensure that our governance architecture provides oversight and accountability for stewardship while promoting adherence to best practices across our five investment engines.

The Man Group plc Board has therefore established a clear governance structure for the Group as set out below.

Man Group Board of Directors

The Man Group plc Board of Directors consists of two Executive Directors, seven independent Non-Executive Directors, and a Non-Executive Chair (John Cryan). Further details on the Board of Directors (including details of their biographies and external directorships) are available on https://www.man.com/corporate-governance.

Man Group's Board Diversity Policy, available for download from our website, aims to promote diversity in its broadest sense within the Board of Directors, Man Group's senior management and within the employee base as a whole. The policy focuses on three main areas on:

- Board appointments
- Oversight of recruitment, development and inclusion
- Review and reporting.

Matters reserved for the Board

To fulfil its role, the Board reserves for itself certain key areas of decision such as business strategy, major acquisitions, risk appetite, capital structure, borrowings, financial reporting and communications with shareholders. For a full list of Board reserved matters, please see https://www.man.com/corporate-governance.

One of the key areas that the Board focused on in 2021 was an overall assessment of the dynamics of the ESG market; the shift in regulatory trends; the development and evolution of the firm's ESG capabilities; and its approach to stewardship. The Board also focused on Man Group plc reporting requirements including both the Taskforce for Climate-related Financial Disclosures ('TCFD') and our commitment to net zero that addresses both our corporate non-investment and investment activities.

In 2021, the RI leadership team presented to the Man Board on several occasions. This included a market and competitive analysis, an assessment of Man's product positioning in the ESG sphere, a review of our data analytics and reporting initiatives, as well as a discussion and proposed framework for how to integrate ESG for non-corporate issuer assets. The RI team also presented its Stewardship Framework for voting and engagement, and the processes that that define and inform firm- and fund-level pathways for engagement, voting, escalation, and the management of conflicts of interests.

Further detail on our governance structure can be found in our Annual Report and Financial Statements.

ESG Governance

Our ESG governance framework incorporates committees to implement and oversee all elements of our RI and Corporate Social Responsibility ('CSR') mandates. It ensures that we have strong oversight and controls up to and including the Man Group Board, and that we have dedicated resources to both deliver on our ESG commitments and to ensure that the associated risks are appropriately mitigated. As a global business, acting responsibly is part of our DNA and our ESG governance framework supports our commitment to minimising our operational impact on climate change and the environment.

The ESG Leadership team consists of Man Group's Head of ESG (Robyn Grew, also the firm's Chief Operating Officer, General Counsel and Head of Man Group US), CIO of RI (Robert Furdak) and Global Co-Head of Sales & Marketing (Steven Desmyter). The ESG Leadership team, in conjunction with Man Group's Board, sets the overarching ESG vision, risk tolerance and strategy for the firm and seeks to embed RI and CSR within Man Group's investment strategies, operations and culture. The team also advances ESG-related opportunities across the firm and promotes an internal culture that holds us to the highest standards of CSR.

Table 2.1

Committee	Responsibilities	Reporting
Responsible Investment ('RI') Committee	Drives all actions the firm takes to integrate RI within Man Group's investment engine, managing ESG risks and capitalising on ESG opportunities	ESG Leadership, monthly
Responsible Investment Oversight Committee	Approves the launch of our ESG funds, oversees the control framework for each fund and monitors each fund's compliance with regulatory and mandate obligations	RI Committee, monthly
Stewardship Committee	Implements the firm's Global Proxy Voting Guidelines and Engagement Policy	RI Committee, monthly
ESG Systems & Governance Committee	Creates and maintains effective systems and controls for the implementations of RI across the firm	Risk and Finance Committee and ESG Leadership, quarterly
Corporate Social Responsibility Committee	Drives Man Group's global CSR, sustainability and climate-related initiatives and monitors the firm's environmental impact from operations	ESG Leadership, quarterly

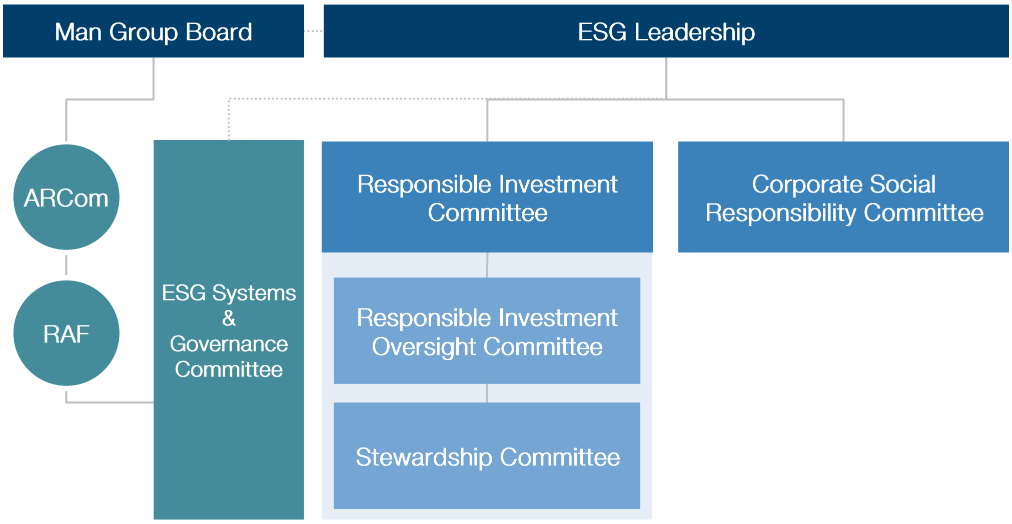
Five dedicated committees each have assigned responsibilities, established processes to identify, assess and monitor risks and opportunities, and regularly inform and report on ESG-related matters to senior management, the ESG Leadership team and the Man Group Board.

At Man Group, we have created an ESG Centre of Expertise that is responsible for supporting all our RI activities. Headed by Robert Furdak, CIO of RI, this team drives the integration of ESG and engagement across the firm and works with investment teams who are ultimately responsible for the integration of ESG into strategies they manage.

The team works to ensure that we are up to date with RI developments, opportunities, regulations and risks. The ESG Centre of Expertise also includes ESG thematic research specialists, who provide insight into specific RI topics, thought leadership and expertise in support of Man Group's investment engines.

Figure 2.1

Organisational Structure



Stewardship and RI Oversight

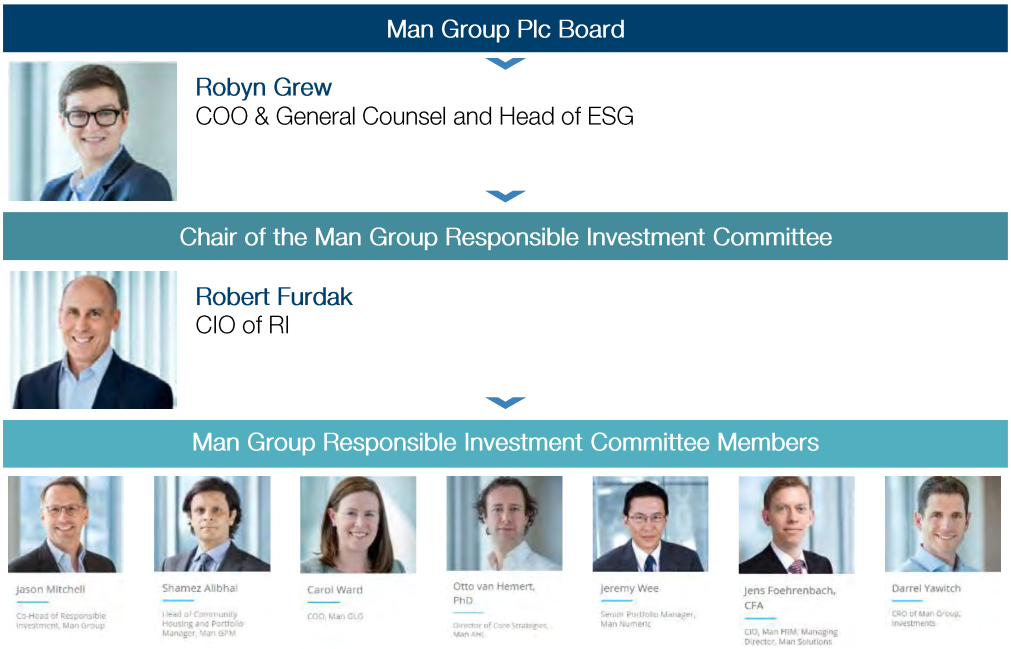
Man Group's Responsible Investment Committee ('RI Committee') is overseen by member of the Senior Executive Governance Committee, Robyn Grew, Group COO & General Counsel and Head of ESG. She provides oversight for our RI leadership, which includes Rob Furdak, CIO for RI and Jason Mitchell, Head of RI Research.

Man Group's RI Committee oversees and reviews the implementation of all RI policies and processes, ESG initiatives, as well as the firm's stewardship capabilities, across Man Group's investment engines. Additionally, the RI Committee provides the firm's employees with a resource with which to formulate and disseminate information regarding Man Group's approach to responsible investing. The RI Committee is composed of senior representatives from across Man Group's businesses in order to provide a broader perspective across asset classes and investment strategies and supported by an RI team and key individual stakeholders across the firm and its investment engines. This not only underlines the strategic importance of RI to Man Group's corporate philosophy; it also ensures that RI initiatives are organised and managed from the highest level with each investment engine represented by a senior decision maker.

The RI Committee promotes an internal culture that insists on holding ourselves to the highest standards of CSR. The committee reinforces the firm's CSR commitment and works with multiple stakeholders to assess our ethical and sustainable business practices.

Figure 2.2

Man Group RI Committee, as at December 2021



Man Group's Responsible Investment Oversight Committee ('RI Oversight Committee') is chaired by Jason Mitchell and comprises of senior members from across the firm, including representative from RI, the various Investment Engines, Portfolio Risk, Compliance, and Investment Analytics.

The RI Oversight Committee oversees the firm's compliance with relevant global ESG regulations at a fund and corporate level. The primary objectives of the RI Oversight Committee are to approve the launch or adaptation of ESG funds, to oversee the control framework for each fund and to monitor each fund's compliance with regulatory and mandate obligations.

The RI Oversight Committee is a sub-committee reporting to and taking instructions from the RI Committee (represented by its Chair) in terms of its duties and responsibilities from time to time.

Lastly, recognising that our business contains a multitude of different approaches, viewpoints and investment strategies, we have established a Stewardship Committee which is responsible for resolving stewardship-related issues when deemed necessary, making stewardship-related decisions where a material conflict of interest may exist (including proxy voting; the process for which is described in the proceeding Principle), monitoring compliance with proxy voting and engagement policies and setting new and/or modifying existing policy. Given the importance of incorporating views from all areas of the Group, the Stewardship Committee is chaired by Jason Mitchell, Head of RI Research, with support from the Stewardship Team, with members from the RI Team, as well as Investment Operations, Compliance and Portfolio Manager representatives.

The Stewardship Committee has evolved from the former Stewardship and Active Ownership Committee and Proxy Voting Committee. We realised the potential for improvements to the structure by streamlining; the Stewardship Committee has a more pronounced focus on stewardship activities and engagement in addition to proxy voting.

Stewardship and RI Implementation

While ownership of RI policies and processes rests with investment teams, Man Group has internal dedicated teams for both RI and stewardship. We believe this ensures consistency in our approach to stewardship and ESG integration while also providing a foundation of expertise to guide managers and to discharge firm level frameworks and policies.

Over the past year, the Stewardship Team has formally become a part of the wider RI Team. Previously, this team sat under and reported into Man Group's Investment Operations department. While making little impact in practice, as the teams had already been working in close collaboration, this restructure brought Man Group's RI and stewardship duties and outlook in parallel.

Our Stewardship Team comprises three professionals with an average of 9 years' experience in areas including corporate governance, shareholder rights and public policy. This makes the team well positioned to keep abreast of the latest regulatory and industry developments. The wider RI Team, including those in stewardship, comprises 10 professionals with an even gender split and an average of approximately 9 years' experience in the ESG space.

The RI Team are responsible for the day-to-day implementation of the Man Group RI policy. The team works to ensure investment managers across Man Group's investment engines are provided with the tools and education to integrate the best practices in RI that are most relevant to their strategy.

RI Leadership

Robert E. Furdak, CFA

Chief Investment Officer of RI, Man Group

Robert ('Rob') Furdak is Chief Investment Officer of RI of Man Group. He is responsible for overseeing all aspects of responsible investing across Man Group's five investment engines. Rob serves as the chairman of the Man Group RI Committee and is a member of the Man Group Executive Committee. He also serves on the PRI Macroeconomic Risk Advisory Committee, the CFA Institute's Global Industry Standards Steering Committee and is on the Advisory Board of the Journal of Impact and ESG Investing. Rob was previously the Co-Chief Investment Officer at Man Numeric and Chairman of Man Numeric's Investment Committee. In that position, Rob led the ESG initiatives and oversaw all aspects of the investment process. Rob joined Man Numeric in 1997 as Director of International Strategies and designed and launched Man Numeric's first non-US strategies. Before joining Man Numeric, Rob was a Principal in the Active International Group at State Street Global Advisors. During his eight years there, Rob performed global quantitative research and was the principal architect of State Street's active emerging markets investment process. Previously, Rob worked at Harvard Management Company. Rob holds a Bachelor's Degree in Finance from the University of Michigan and an MBA in Finance from the University of Chicago. He is also a CFA charter holder.

Jason Mitchell

Head of RI Research, Man Group

Jason Mitchell is Head of RI Research at Man Group and chairs Man Group's Stewardship Committee. He has held this position since July 2018. Jason worked at Man GLG from 2004 to 2008 as a portfolio manager. Between 2008 to 2010, he advised the UK government on infrastructure development across Sub-Saharan Africa. He returned to Man GLG in 2010 as a portfolio manager, before becoming a sustainability strategist across Man Group in 2017. Prior to Man GLG, he was a Vice President at Andor Capital Management and an investment research analyst with Pequot Capital Management. Besides having managed environmental and sustainability strategies, he speaks and publishes widely on RI. Jason's articles and comments on sustainable investing have been quoted in a number of top-tier publications, including Institutional Investor, Wall Street Journal, CNBC Squawk Box, Responsible Investor, Aftenposten, Global Times, Alternative Investment Manager Association ('AIMA') Journal and Investment Europe. He has written widely on the European refugee migrant crisis. He also hosts the award-winning podcast series, *A Sustainable Future.* Jason serves on the Esmée Fairbairn Investment Committee, the Climate Financial Risk Forum ('CFRF') Disclosure, Data and Metrics Working Group, the Sustainable Accounting Standards Board ('SASB') Investor Advisory Group, the CFA Institute's ESG Technical Committee, AIMA's RI Committee and the PRI Academic Advisory Committee. He previously served on the European Financial Reporting Advisory Group ('EFRAG') Lab Steering Group and chaired the PRI Hedge Funds Advisory Committee from 2014 to 2018. He is a contributing author to: CFA UK's *Certificate in ESG Investing Textbook* (Ed. 2, 2020); *Responsible Investing: A Guide to Environmental, Social, and Governance Investments* (Routledge: 2018); *Sustainable Investing: Revolutions in Theory and Practice* (Routledge: 2017) and *Evolutions in Sustainable Investing: Strategies, Funds and Thought Leadership* (Wiley Finance: 2012). Jason holds a MSc in International Political Economy from the London School of Economics and a bachelor's degree in English literature and classics. He is a Fellow of the Royal Society of the Arts and the British-American Project. He was named one of Institutional Investor's 2011 Hedge Fund Rising Stars.

Stewardship Team

Ines Cunha Pereira

Stewardship Manager

Ines Cunha Pereira joined Man Group in August 2018 as part of the Stewardship Team located in London. She is responsible for the day-to-day management of Man Group's proxy voting and engagement activities. She is also a member of Man Group Stewardship Committee.

Prior to joining Man Group, Ines was a Senior Associate at Institutional Shareholder Services, working actively with clients in formulating their corporate governance guidelines and proxy voting policies.

She holds a BA in International Relations from University of Lisbon and an MBA from KU Leuven.

Lewis Naylor

Investment Stewardship Analyst

Lewis Naylor joined Man Group in August 2021 as part of the Stewardship Team located in London. He is responsible for overseeing Man Group's day-to-day proxy voting and engagement activities. He is also a member of Man Group Stewardship Committee.

Prior to joining Man Group, Lewis was a Senior Associate at Institutional Shareholder Services, as part of the research department, producing research reports containing vote recommendations ahead of shareholder meetings of publicly listed companies and engaging with the companies within scope.

He holds a BA in Human Geography from University of Portsmouth.

Freddy Piper

Investment Stewardship Analyst

Freddy Piper joined Man Group in November 2021 and is responsible for undertaking day-to-day proxy voting and engagement activities. He is also a member of the Stewardship Committee.

Prior to joining Man Group, Freddy was a Stewardship Manager at Equinti in their corporate governance advisory business, where he worked with corporate clients at the director- and company secretariat-level to analyse shareholder voting behaviour and coordinate engagement.

He holds a BA in Politics with International Relations from the University of York and an MA in Russian and post-Soviet Politics from the School of Slavonic and East European Studies at UCL.

The Stewardship Team oversee all proxy voting and engagement activities at a firm level, including the application of an enhanced ESG voting policy that applies specific overlays that represent the core principle of good governance. Furthermore, the team designs and supports firm-wide engagement programmes to maximise sustainable long-term value creation across the Man Group's assets.

All engagement initiatives are carried out by our Stewardship Team and/or relevant portfolio managers. We do not currently utilise the services of specialised engagement service providers. We believe the centralising of this function allows us to leverage the firm's ownership of securities and that engagement ultimately helps drive better outcomes for our clients as described in each of the Case Studies in the attached Activities and Outcomes Reporting.

Use of Proxy Advisors

Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy, and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Our ESG Voting Policy has been reviewed, with the renewed policy taking effect on shareholder meetings held from 1 January 2022 onwards. The policy has been strengthened in two key areas: climate, including related risk mitigation and disclosure, and diversity. The Man Group Proxy Voting Guidelines are included in Principle 12.

Use of Additional Related Service Providers

As a data centric firm, we believe in providing our managers with as much high quality ESG data as possible to assist in investment analysis. We will describe these data providers and systems in more detail in Principle 8.

Incentives

Man Group has not historically linked ESG to executive director remuneration. However, from 2022 our executive directors' variable pay will be linked to ESG objectives as part of both their short-term and long-term variable compensation. In the bonus, 15% of the overall outcome will be allocated to ESG objectives; and, in the Long-Term Incentive Plan ('LTIP'), 10% will be allocated to an ESG scorecard.

Man Group strives to be a leader in RI across all our investment styles and our commitment to RI includes integration of ESG considerations into investment decisions, stewardship, advocacy and thought leadership. We are also committed to our people, wider society and the environment, which reflect our core values. The inclusion of ESG objectives and metrics into the incentive arrangements for the executive directors, in relation to both the Group and the funds we manage, is therefore core to our strategy as an important offering for our clients and shareholders, as an expression of our corporate values. Further details will be included in the 2021 Directors' Remuneration Report.

Remuneration packages at Man Group seek to promote a long-term approach to investment and include some, or all, of the following elements: salary, annual performance bonus, marketing incentives and deferred share and fund awards, as well as pension, medical insurance and other non-cash benefits. Man Group aims to balance remuneration for delivering operational results over the short-term with remuneration for creating sustained long-term value for shareholders.

In terms of the investment teams, Man Group does not currently link remuneration to the integration of RI/ESG or stewardship practices. Man Group does recognise the increasing prevalence of this practice. However, Man is still considering how to balance this incentive against disparate strategies and their different approaches across its investment groups. Within investment teams, team leaders may choose to distribute discretionary compensation for the inclusion of extra-financial factors depending upon their effectiveness towards the performance of that particular strategy.

A key mechanism for linking short and long-term performance is the bonus deferral arrangement. Bonus awards are determined by the annual performance of the firm, the team and the individual. A significant portion of the award for senior employees is deferred into company shares, so that they build up a significant investment in Man Group shares, thereby encouraging them to think and behave like long-term shareholders. Deferral may also be into funds to align senior employees with our investors and hence our shareholders. The deferral arrangement allows flexibility in the mix between short-and long-term focus as appropriate for employees at different levels in the firm.

Man Group operates a board level Remuneration Committee comprised of non-executive members of the Man Group plc board.

Man Group is subject to four remuneration regimes:

- Man Group includes a number of CRD IV firms that are subject to FCA's BIPRU Remuneration Code;
- Man Group includes a number of EU AIFMs under the Alternative Investment Fund Managers Directive. The EU AIFMs are subject to the AIFM Remuneration Code;
- Man Group includes a number of UCITS Management Companies under the European Communities (Undertakings for Collective Investment in Transferable Securities) V Regulations. The UCITS Management Companies are subject to the remuneration requirements of these Regulations; and
- Man Group includes a number of MiFID firms under the Markets in financial Instruments Directive II ('MiFID II'). The MiFID firms are subject to the remuneration requirements of MiFID II.

Man Group has implemented a Remuneration Policy that is in line with all of the above. This policy is subject to periodic review and formal sign-off by the Remuneration Committee.

For further information on remuneration of employees, please refer to the statement of remuneration principles in the Corporate Governance section of Man Group's website.

3. Conflicts of Interests

In this section we will outline our policies and procedures around Conflicts of Interests that may arise in the discharge our stewardship initiatives.

As a publicly listed asset manager on the London Stock Exchange, Man Group conducts its business in accordance with the highest standards of corporate governance and compliance. We apply a consistent, transparent approach to the management of conflicts of interests. This approach includes policies, procedures and controls designed to prevent undue influence from emerging in our stewardship practices.

Man Group maintains a Global Conflicts of Interest Policy which sets out the firm's approach for identifying, recording, escalating and monitoring conflicts of interest. Man Group has three approaches to managing or remediating conflicts of interest including; termination or avoidance of the activity to which the conflict of interest relates, managing the conflict of interest via appropriate internal controls and disclosure to the affected clients to which the activity relates, as appropriate. Please refer to our Global Conflicts of Interest Policy for more information, for access please contact your local Man Group sales representative.

In addition, Man Group maintains a centralised Conflicts of Interest Register ("COI Register") where identified conflicts of interest (including investment division-specific conflicts of interest) are recorded. Upon identification a conflict of interest is recorded on the COI Register along with the relevant mitigating measures adopted or to be adopted to manage the COI. The COI Register consists of each identified conflict, potentially impacted business units and the measures adopted in an effort to mitigate each respective conflict.

All employees are responsible for acting in our clients' and investors' best interests. Man Group employees are required to comply with these policies, and regularly undertake training and assessment on areas relating to conflicts of interest. Training covers identifying conflicts of interest as well as managing conflicts of interests. Our objective is to create a culture of awareness and appropriate action identifying and reconciling any conflict of interest.

Additionally, all employees of Man Group are under a duty to report to Compliance any conflict of interest, whether actual or potential, which they become aware regarding proxy voting for client accounts. Upon report of any potential incidence, Man Group Compliance will determine how the conflict or potential conflict of interest is to be resolved or escalated. Man Group may also choose to notify the client of the conflict as well as context for the rationale of Man Group's voting recommendation as determined by the Stewardship Team.

Regarding Stewardship specifically, Man Group has a number of bodies and procedures designed to prevent conflicts of interest in its proxy voting and engagement decisions, with both the Stewardship Committee and the Stewardship Team seeking to ensure best practice in this area. On an ongoing basis, Man Group endeavours to identify material conflicts of interest, if any, which may arise between Man Group and one or more issuers of clients' portfolio securities, with respect to votes proposed by and/or affecting such issuer(s), in order to ensure that all votes are voted in the overall best interest of clients.

Stewardship Team

Man Group's Stewardship Team oversees the proxy voting process and manages the relationship with our proxy service provider Glass Lewis. On critical holdings, the Stewardship Team conducts an extra level of analysis of the third-party research and recommendations, taking into consideration relevant information and company-specific factors. The Stewardship Team is also responsible for reviewing any voting discrepancies or operational issues identified by the voting reconciliation process.

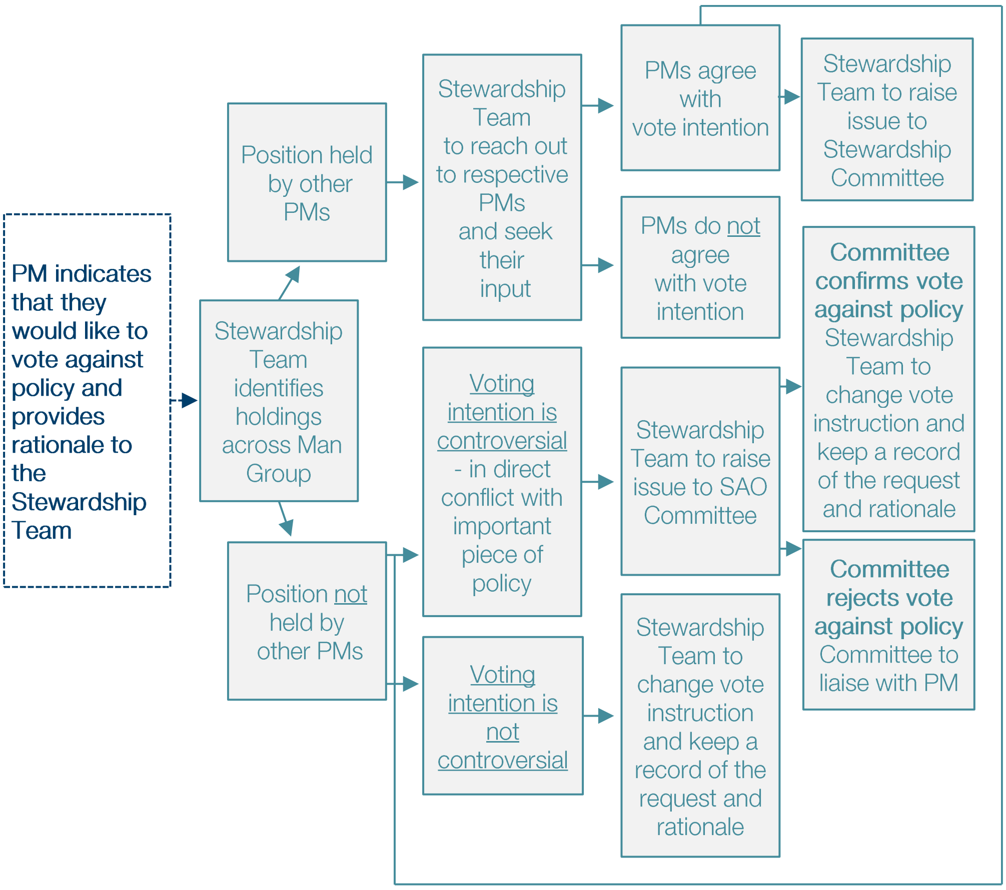
Stewardship Committee

Man Group established the Stewardship Committee to be responsible for resolving stewardship-related issues when deemed necessary, making stewardship-related decisions, including in relation to proxy voting, where a material conflict of interest may exist, monitoring compliance with this Policy and setting new and/or modifying existing policy. Compliance will undertake monitoring of proxy votes where potential conflicts of interest may have existed.

The Stewardship Committee meets on a quarterly basis and ad-hoc basis as required when actual or potential material conflicts of interest are identified and/or a vote that deviates from Man Group's policy is contemplated.

In addition, the Stewardship Committee maintains a policy that governs potential conflict of interests that may arise on an intra-firm basis, specifically among investment teams and their independent stewardship activities. It is in Man Group's interest to establish and vote according to best practices and policies while also giving a level of autonomy to investment teams to develop and form strong views around stewardship decisions. Given the number and diversity of investment teams at Man Group, we recognise that situations may arise where investment teams form differing opinions on a proxy vote and/or shareholder resolution. In such a circumstance, Man Group maintains a process designed to consider all perspectives, weighing them against management recommendations, recommendations from Man Group's proxy voting provider and the advice of Man Group's Stewardship Team in order to arbitrate a decision that is transparent and in line with best practice.

Figure 3.1



Case Study 3.1. Our Conflicts of Interest Process in Action

Our engagement and subsequent co-filing of a climate-based shareholder resolution at HSBC Holdings plc[1], co-ordinated by ShareAction, provides an example of our Conflicts of Interests policy in action.

This co-filing was the first in Man Group's history with many lessons learned and experience gained of the required processes. The resolution requested the company to set and publish a strategy and short-, medium- and long-term targets to reduce the bank's exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement.

We participated in several engagement meetings with the bank, led by our centralised Stewardship Team, and expressed the need for tangible action on net zero targets, a robust coal financing policy and appropriate client transition strategies. In response, HSBC committed to ramp up its climate change policies and stop financing coal projects by 2040, proposing its own management-led resolution on climate change.

Given the size of the bank, several of our fund managers held an interest. We used our conflict of interest management process to clarify potential conflicting opinions among portfolio managers and leverage our firm wide holdings to ultimately direct the engagement in the way we believe was most beneficial to our clients. It was also necessary for us to prioritise the interest of fund managers holding ordinary shares over the holders of equity swaps.

Certain conflicts were experienced at board-level and the matter was discussed by Man Group's CEO and the wider board. Man Group voted in favour of the company's climate policy at the AGM. The bank's climate proposal received the support of 99.27% of shareholders. Under this board-backed resolution, the bank committed to set science-based targets to align its financing of companies with the Paris Agreement, starting with oil, gas, power and utilities companies in 2021, and to report on the process of its climate change efforts on an annual basis.

The bank's progress on achieving the stated ambition has been monitored. We are pleased that the engagement has resulted in a clear long-term climate ambition for the bank and engagement has since continued with the aim of further improvements.

1. The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

Proxy Watch List

To the extent applicable, the Stewardship Committee maintains a Proxy Watch List comprised of issuers the Committee believes Man Group may have an actual or potential material conflict of interest with respect to voting proxies on behalf of its clients. The Proxy Watch List is updated periodically and maintained by the Stewardship Committee. In order to mitigate potential conflicts of interest during the voting process, any proxies of an issuer on the Proxy Watch List will be voted in accordance with Man Group Proxy Voting Policy unless otherwise decided by the Stewardship Committee. A majority vote of the participating voting members of the Stewardship Committee members is required for a final ruling on proxy issues.

If a proxy with respect to a particular issuer as to which a material conflict of interest exists is not voted in accordance with the relevant proxy voting guidelines or if there are no applicable proxy voting guidelines, the Stewardship Committee will determine how to vote and will document the basis for its decision. If a member of the Stewardship Committee believes he/she has a material conflict of interest with regards to an issuer with respect to which a proxy is to be voted, he/she shall refrain from participating in a decision on such proxy. A majority vote of the participating voting members of the Stewardship Committee is required for a final ruling on proxy issues.

As a further buffer against any actual or potential conflicts of interests in 2021, all names on the Proxy Watch List were voted strictly in line with our agreed upon Voting Policy.

Override Process

In addition, Man Group maintains a policy that governs potential conflict of interests that may arise within the firm, specifically among investment teams and their independent stewardship activities. In instances where a Portfolio Manager wants to vote a proxy contrary to Man Group Proxy Voting Policy, the Stewardship Team will identify all holdings across Man Group and contact the relevant Investment Teams. If no agreement is reached on the best course of action or if the voting intention is deemed controversial, the issue is escalated to the Stewardship Committee, which will make a decision on how to vote.

More broadly, Man Group maintains clear policies to manage conflicts of interest across the firm, including:

- Man Group Code of Ethics Policy
  - This broad policy sets out the ethical standards and core values which inform, govern and determine corporate and individual behaviour across the firm. It covers frameworks such as:
    - Global Anti-Bribery and Corruption Policy and the Anti-Money Laundering Policy;
    - Global Gifts and Entertainment Policy;
    - Electronic Communications Code of Conduct;
    - Treating Customers Fairly ('TCF') Best Practice Statement;
    - Market Abuse/Insider Dealing policies.
- Global Personal Account Dealing Policy
  - Man Group staff must regularly report all trading activity from personal accounts in securities which are or may be traded on behalf of clients and investors.
- Global Inside Information Policy
  - This sets out clear expectations for the treatment of market-sensitive or inside information.
- Global Whistleblowing Policy
  - This is designed to enable Man Group employees to highlight concerns that are in the public interest and provides guidance for dealing with these and other whistleblowing issues in a safe and constructive manner.

Further information on each of these policies is available upon request.

4. Promoting Well-Functioning Markets

In this section we will explain briefly how we manage risk and identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Effective risk management is an essential component of Man Group's investment management process, good risk management helps manage volatility and avoid positions that could lead to excessive losses. Risk management is unified and fully embedded into our approach, both to the management of funds on behalf of our investors, and the management of Man Group's business on behalf of our shareholders. The business has substantial resources and technology dedicated to managing the complexities that relate to the risks inherent in its portfolios.

Risk Governance

Man Group's Board has ultimate responsibility for risk governance and management. Accountability for day-to-day risk management, however, is embedded throughout the business. Our risk management framework ensures that the business operates within acceptable risk tolerances, as defined by the Board's risk appetite, with our governance structure providing a foundation for continuous oversight in a changing environment. In addition, independent fund boards are responsible for protecting the interests of fund investors.

Across Man Group, portfolio managers and investment teams are responsible for risk management of the funds they manage and each of our investment engines have policies and procedures in place to ensure risk is managed in a way that is appropriate to the investment style utilised. In this, they are supported by Man Group's technology infrastructure that provides the means for daily risk management and performance attribution/contribution analysis as well as independent engine specific risk teams.

The investment restrictions and investment objectives of each fund are implemented in the central risk system PAM/ROSA.

Risk Management Framework

Strategic and/or operational ESG risks to our business, including climate change risks, are managed in the same way as other business risks and are covered by our firmwide risk management systems.

The firm's control environment manages risks in accordance with the statements made by the Board that reflect the Board's risk appetite to the organisation, covering risks as they apply to both investment teams and the firm itself. In the event that there is a breach of risk appetite, risks will be resolved promptly in line with the firm's procedures and processes.

We dedicate significant time and resource to ensure we are abreast of regulatory changes and engaging with regulatory bodies. It is a complex, evolving landscape, and our dedicated committees comprising senior members of the firm address changes in ESG regulation.

Risk Technology

ROSA is Man Group's in-house risk system. It is synchronised in real-time with Beauchamp, Man Group's Portfolio Management back-end system, for trades, positions, P&L, reference data and market data.

Additionally, ROSA, is:

- A secure, centralised store of position, risk, operational, market and static data;
- A sophisticated reporting layer to access this data in a repeatable and controlled fashion;
- A common set of tools based upon the reporting layer to support sophisticated business processes, such as data maintenance and risk analysis.

ROSA's benefits include:

- The centralisation of data into a common framework reduces the risk of errors due to incorrect data – a key operational risk;
- The ability to access different types of data through one mechanism reduces errors associated with combining different data sources together;
- The common framework allows the creations of new tools more quickly and more accurately, decreasing development time;
- The separation of data and business logic helps ensure that changes to how data is stored do not impact the business process, improving flexibility and making enhancements easier;
- It allows the investment divisions of Man Group to leverage off capability created by other parts of the business. This includes analytical capability created by other areas;
- It allows the investment divisions of Man Group to benefit from the robust infrastructure and depth of technology resource that being part of the Man Group brings.

Investment Risk Compliance

Man Group has a dedicated Investment Risk Compliance team, with responsibility for implementing and monitoring regulatory and contractual investment restrictions. The investment restrictions including those related to ESG criteria and investment objectives of each fund are implemented in the central risk system.

For any new funds or managed accounts, the Investment Risk Compliance team reviews the prospectus and any other relevant fund documents ahead of launch. Any new limits which may be required are developed and there is an independent review process to ensure correct implementation.

Cooperation

Man Group considers our broader position as a market participant and in this respect Man Group works with different players in the market towards positive outcomes that benefit the functioning of the market.

As such, and as described more fully in Principle 10, Man Group engages with different asset managers and organisations in the form of collaborative engagement and through participation in industry initiatives, organisations and fora.

Man Group may also engage with policy makers and regulators in the markets in which we operate in an effort to support the development of policies and regulations that support the transition to and the development of sustainable financial markets, where relevant.

Assessment of Principle Risks

Man Group's comprehensive risk framework includes business, credit, liquidity, market, operational and reputational risks to both the firm and our funds. Certain of these risks are described and assessed below and explained how they are being managed or mitigated. Links are made to our four main strategic pillars included earlier in this report.

Table 4.1

Link to strategy

1. Innovative investment strategies
2. Strong client relationships
3. Efficient and effective operations
4. Returns to shareholders

Business risks (1)(2)(3)(4)

	Risk	Mitigants	Status and trend	Change
1. Investment performance	Fund underperformance, on an absolute basis, relative to a benchmark or relative to peer groups, could reduce AUM and may result in lower subscriptions and higher redemptions. This risk is heightened at times of volatile markets. This may also result in dissatisfied clients, negative press and reputational damage. Investment performance is exposed to market disruption or volatility triggered by severe weather events. Performance could also be impacted by fundamental moves in underlying asset prices or liquidity as the world transitions to a low-carbon economy. Lower AUM results in lower management fees and underperformance results in lower performance fees.	Man Group's investment businesses each have clearly defined investment processes designed to target and deliver on the investment mandate of each product. We focus on hiring and retaining highly-skilled professionals who are incentivised to perform within the parameters of their mandate. Man Group's diversified range of products and strategies limits the risk to the business from underperformance of any particular strategy or market. This includes a current focus on responsible investment products incorporating ESG analytics to meet current and future investor needs.	Despite periods of market volatility linked to COVID-19 developments, inflation concerns and Fed tapering, 2021 has seen good overall performance for Man Group's funds. Trend-following quantitative strategies performed well and valuation-focused strategies such as Japan CoreAlpha and those within Man Numeric and Alternative Risk Premia recovered from weaker performance in prior years. AUM increased largely due to absolute investment performance and net inflows over the year in roughly equal parts.	▲
2. Key person risk	A key person to the business leaves or is unable to perform their role. This also includes team resilience to individuals being incapacitated by COVID-19. Retention risk may increase in years of poor performance and reduced compensation. In 2021 the sector has also seen individuals looking for fundamental lifestyle changes triggered by the pandemic.	Business and investment processes are designed to minimise the impact of losing any key individuals. Diversification of strategies and the emphasis on technology and systematic strategies reduce the overall risk to Man Group. The COVID-19 response sought to minimise resilience risks through physical separation of key persons. Succession plans and deferred compensation schemes are in place to support the retention of senior investment professionals and key management.	Man Group has continued to be able to attract and retain an array of talented individuals across the firm. Voluntary staff turnover has picked up, returning to pre-pandemic levels. We did not see any investor concerns or material outflows as a result of announced departures in 2021, including the retirement of the CIO and subsequent Senior ExCo reorganisation. We continue to operate a succession planning process to manage this risk.	▶

Credit risks (1)(2)(3)(4)

	Risk	Mitigants	Status and trend	Change
3. Counterparty	A counterparty with which the funds or Man Group have financial transactions, directly or indirectly, becomes distressed or defaults. Shareholders and investors in Man Group funds and products are exposed to credit risk of prime brokers, custodians, sub-custodians, clearing houses and depository banks.	Man Group and its funds diversify exposures across a number of strong financial counterparties, each of which is approved and regularly reviewed for creditworthiness by the Counterparty Monitoring Committee (CMC). The CMC also oversees contingency planning ahead of significant market or political events. The risk teams monitor credit metrics on the approved counterparties daily. This includes CDS spreads and credit ratings.	Increased regulatory scrutiny, stress testing and capital requirements for investment banks and central clearing houses following the 2008 financial crisis supported the overall stability of Man Group's core counterparties. The main counterparty event for 2021 was names linked to the collapse of Archegos. This led to our decision to migrate risk away from one of our main prime brokers. Our diversification model allowed for a smooth transition to alternative providers without any issues.	▶

Liquidity risks (1)(3)(4)

	Risk	Mitigants	Status and trend	Change
4. Corporate and fund	Volatile markets and reduced market liquidity can place additional, often short-term, demands on the balance sheet. Man Group is exposed to having insufficient liquidity resources to meet its obligations. Adverse market moves and volatility may sharply increase the demands on the liquid resources in Man Group's funds. Market stress and increased redemptions could result in the deterioration of fund liquidity and in the severest cases this could lead to the gating of funds.	A $500 million revolving credit facility (RCF) provides Man Group with a robust liquidity backstop. Liquidity forecasting for the Man Group and UK/EEA entities, including downside cases, facilitates planning and informs decision-making. The investment risk teams conduct regular liquidity tests on Man Group's funds. We endeavour to manage resources in such a way as to meet all demands for fund redemptions according to contractual terms.	The RCF was extended to mature in five years and now incorporates a carbon emissions target. The asset liquidity distribution across funds has remained broadly unchanged. A centralised liquidity analysis and reporting toolkit is fully embedded. Market liquidity has largely returned to pre-pandemic levels – the WallStreetBets short squeeze had a minimal impact on our funds but led to further developments of the liquidity analysis framework.	▶

Market risks (1)(3)(4)

	Risk	Mitigants	Status and trend	Change
5. Investment book	Man Group uses capital to seed new funds to build our fund offering, expand product distribution and generate returns for shareholders. Man Group also holds Collateralised Loan Obligation (CLO) risk retention positions until the product maturity, and in 2021 participated in a US CLO Warehouse to facilitate a product launch. The firm is therefore exposed to a decline in value of the investment book.	A disciplined framework ensures that each request for seed capital is assessed on its risk and return on capital. Approvals are granted by a Seed Investment Committee (SIC), which is comprised of senior management, Risk and Treasury. Investments are subject to risk limits, an exit strategy and are hedged to a benchmark where appropriate. The positions and hedges are monitored regularly by Group Risk and reviewed by the SIC.	The investment book grew over 2021. The seeding book returns were positive, with the benchmark hedges performing as expected. Man Group continues to use repo and swap financing for some of the CLO and seed positions to release liquidity but retain the market risk. A framework for active balance sheet risk taking in Man Group funds is being developed, seeking uncorrelated returns to Man Group's dominant flagship funds.	▲
6. Pension	Man Group underwrites the risks related to the UK defined benefit pension plan which closed to new members in 1999 and future accrual in 2011. The plan is fully funded but is exposed to changes in net asset versus liability values.	The UK pension plan has a low net exposure to UK interest rates and RPI inflation. The return-seeking assets are low volatility and have a low correlation to directional equity markets. Longevity is the largest remaining risk but is uncorrelated to Man Group's other risks.	A triennial valuation exercise as of year-end 2020 led to a small funding contribution from Man Group. As of 31 December 2021, the scheme has a surplus on both an accounting and actuarial basis which brings down the overall risk assessment. The impact of COVID-19 has not had a material impact on the longevity assumptions.	▼

Case Study 4.1. Man Group climate change risk management and strategy

Man Group recognises the urgent challenge presented by climate change, and our corporate responsibilities and ability to effect positive change through our own behaviour, RI principles and fund offerings.

The firm has articulated its climate change risks using existing risk identification processes: Risk and Control Self-Assessment ('RCSA') for the short-term risks through to the emerging risks assessment for medium and long-term risks. Both processes assess risks in terms of likelihood (or timeframe over which it may manifest) and impact (such as business continuity, financial, regulatory or reputational). For the risks identified there are associated controls and actions that help manage/mitigate the risks. Climate change risks are captured in Man Group's risk governance and reporting framework within the associated risk category such as investment performance or business continuity. The risk governance framework is owned by the Board and implemented by the senior management of Man Group, and it is at this level that strategic decisions are made to avoid, mitigate, reduce or accept risks, including those related to climate change.

The key short-term risk (one to five-year time horizon) and strategic opportunity for Man Group relates to meeting and exceeding client expectations for inclusion of meaningful climate-related analysis into our investment strategies. Failure, or taking too long, to deliver genuinely suitable investment products could lead to outflows or reduced inflows over time. A related reputational risk comes from any suggestion of greenwashing if the ESG credentials of a fund do not meet client, regulatory or wider public expectations.

The impact of climate change on the downside scenarios within our three-year business planning horizon has been considered – currently none of Man Group's plausible downside scenarios, within this time period, are driven by adverse impacts of climate change. We will continue to reassess this.

In the medium term (five to ten-year time horizon), the key risks to Man Group are from market disruption or volatility triggered by weather events and disruption to transport and working arrangements. These could lead to increased costs (e.g. procurement, insurance or taxes) and restrictions on business practices such as international travel to meet clients. Some of these are already being mitigated through investment in collaboration technology and flexible working, others can be addressed through agile working practices and having a more local presence. Thoughtful new regulatory requirements will be an important tool in helping companies to consistently effect genuinely positive change – we will closely monitor emerging requirements and have been, and will seek to be, early adopters of new regulations.

As the world transitions towards a low-carbon economy (in line with the consensus path to a 1.5°C or 2°C scenario) fund performance could be impacted by fundamental moves in underlying asset prices or liquidity. The firm has invested in a proprietary ESG analytics tool to facilitate analysis of the underlying exposures through an ESG lens.

Longer-term (ten to 30-year time horizon) physical risks include major business or market disruption following severe weather events and long-term impacts on employee health and well-being. For example, the corporate headquarters in London could be impacted by a failure of flood defences. Such events, or even a heightened risk, could cause the firm's key business locations to become less relevant. This is mitigated through long-range monitoring and our small physical footprint helps to reduce our exposure.

We must demonstrate responsible conduct and leadership to our stakeholders – clients, shareholders, business partners, employees and our local communities.

Case Study 4.2. The ongoing impact of COVID-19

The COVID-19 pandemic and its impact on the health and safety of our staff and the behaviour of markets continued to dominate much of risk management throughout 2021. We have remained focused on looking after our people, enabling them to work from home effectively and return to the offices when local rules permitted it. Overarching this was the need to protect our clients' assets with close attention to market, liquidity, counterparty, cybercrime, and operational risks. Existing risk controls and processes have continued to function well albeit with increased oversight at times. Despite the heightened risk factors, there have not been any material operational loss events or control failures associated with COVID-19 or working from home.

A dedicated COVID-19 response team, created in early 2020, continues to lead Man Group's pandemic response in line with local government advice and supports the health and well-being of staff. With the Omicron variant becoming dominant in December, greater focus was placed on contact tracing and ensuring critical teams and processes could continue to function. The pandemic has shown that employees could shift seamlessly to working from home utilising existing business continuity infrastructure and facilitated by video conferencing and collaboration technologies.

Whilst working from home continued to dominate much of 2021, some offices opened at reduced occupancy to accommodate those wanting to come in. Later in 2021, offices opened to greater numbers under an agile working model which allowed many employees to blend the benefits of home and office work.

5. Review and Assurance

Here we explain how we review our policies, assuring our processes and assess the effectiveness of our RI activities.

Man Group has a robust and consistent organisational framework to support all of our RI activity. Underpinning this is our Governance Structure as described in Principle 2 and our RI Fund Framework, which form the basis of our approach to integrating ESG into our investment decision-making process.

RI Fund Framework

Although we do not impose a single house view in terms of ESG application or stewardship approach, we provide our investment engines with the ESG resources and tools needed to support and facilitate the investment decision-making process from both financial and non-financial perspectives.

To ensure consistency and credibility in our approach to RI we have formalised a monitoring procedure for funds that have a defined ESG approach as per our RI Fund Framework. We monitor fund manager's compliance with our RI policies and fund framework on an annual basis. Additionally, dedicated compliance professionals monitor adherence to the RI Exclusions List. Man Group exclusions include ownership in global banned weapons, nuclear weapons, tobacco producers and there are also restrictions on coal. All Man Group funds fall into three categories[2] : Man Group Base Standard, Man Group RI-Informed and Man Group RI-Dedicated. For further details in relation to our RI approach please refer to Principe 6.

Figure 5.1

Man Group Base Standard

- ✓ All strategies
- ✓ Apply Man Group's Firmwide exclusions
- ✓ Support Firm Stewardship activities

Man Group RI Informed

- ✓ Strategies that incorporate some degree of ESG analysis into investment decision making
- ✓ Man RI Exclusion list and/or enhanced exclusions on Corporate and Non-Corporate assets
- ✓ Increased levels of Stewardship activity
- ✓ Enhanced ESG reporting

Man Group RI Dedicated

- ✓ Strategies that fully integrate ESG into the investment process
- ✓ Man RI Exclusion list and/or enhanced exclusions on Corporate and Non-Corporate assets
- ✓ Enhanced Stewardship activity
- ✓ Active engagement
- ✓ Enhanced ESG reporting

Sustainable Finance Disclosure Regulation ('SFDR') related checks

Man Asset Management (Ireland) Limited ('MAMIL') and Man Asset Management (Cayman) Limited, have a Sustainability Risk Policy that covers the entities approach with regard to the consideration of sustainability risk in the investment process.

As a member of Man Group, MAMIL is supported by Man Group's RI and Stewardship Committees which oversee and review the implementation of all the RI policies and processes at Group Level, including this Policy and the integration of sustainability risk across the Investment Managers where applicable. The Committees are composed of senior representatives from all of Man Group's underlying businesses, ensuring a broad perspective of RI across asset classes and investment strategies. Through its team of investment professionals based in Ireland, MAMIL

[2] Please note these categories do not give any indication to SFDR classifications.

oversees the Investment Managers to ensure compliance with this Policy. The Policy is available for download on the Man Group website.

Policy Review

Man Group's RI Committee oversees and reviews the implementation of all RI policies and processes, as well as the firm's stewardship capabilities, across Man Group's investment engines. The Committee reviews and updates our businesses' RI policies annually.

Additionally, our Stewardship Committee, reporting to the RI Committee, annually reviews the firm's stewardship policies and processes. Any changes to these policies or any reporting regarding stewardship is communicated to the Committees and subsequently any relevant feedback is passed on. Through these mechanisms, we ensure our stewardship reporting is fair, balanced and understandable. We believe this approach is appropriate for us given the make-up of our RI Committee, which is explained above and in more detail under Principle 2.

Process Review

Our dedicated Stewardship Team are overseen by the Stewardship Committee and carry out a quarterly review of the team's engagement and voting activities. We believe our approach supports our implementation of stewardship through a focus on continuous improvement. We have significantly increased our reporting on stewardship activities in recent years in an attempt to give a balanced, fair and clear account of our stewardship initiatives.

We have made significant progress on stewardship since the formation of this review system by implementing our ESG Voting Policy, increasing the frequency of our engagements and increasing transparency through the publication of our RI Engagement Framework and annual Stewardship Review. Our ESG Voting Policy was reviewed during 2021 and this process, along with the renewed Policy, is detailed under Principle 12.

In terms of third-party assurance, two internal audits by a third-party assurance provider were conducted in this area in 2021. The first, conducted in Q1, deliberated over stewardship capabilities at the firm-level. The second, completed in Q4, was under SFDR scope on a Level 1 basis for Man GLG.

6. Client and Beneficiary needs

Signatories of the Stewardship Code must take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment.

Client Focused Culture

We at Man Group recognise that part of our fiduciary duty to our clients is the RI of the funds we manage on their and their clients' behalf. In ensuring the sound stewardship of our investors' capital we seek to ensure that our approach closely aligns us with the values of our clients. We achieve this by developing long-term partnerships with our clients through one key point of contact, enabling us to truly understand their individual needs and create innovative solutions for them.

Table 6.1

Man Group AUM, as of 31 December 2021

By client type

	%
Institution	78.5%
Distributor	20.7%
Employees	0.1%
Direct Investors/Unknown	0.2%
Man capital	0.5%
Total	**100.0%**

By region

Supra-client region	Client region	%
Americas	Canada	4.5%
	Other Americas	2.3%
	US	22.0%
Asia Pacific	Asia (ex.Japan)	3.0%
	Australia/NZ	8.7%
	Japan	6.3%
	Other	0.0%
EMEA	Europe (ex. UK)	25.1%
	Middle East	7.4%
	UK & Channel Islands	20.7%
	Africa	0.0%
Total		**100.0%**

As part of our continued efforts play a role in developing industry leading RI strategies, the ESG team works closely in conjunction with the sales team to produce products that are not only compliant with new regulatory requirements, but that meet the needs of our clients who are increasingly looking for investment opportunities that make a positive impact.

More than just responding to client requirements, we aim to be actively part of the story of responsible investing. An example of where Man Group has responded to this changing landscape was in implementation of exclusion lists, particularly where climate impact and the environment are concerned. These were recently strengthened in 2021 to include those companies who receive 30% or more of revenues from coal production.

Establishing and maintaining client relationships has always been a strength and priority for Man Group in an evolving landscape around stewardship reporting and standards, both for asset owners and asset managers. Clients continue to have increased expectations, with listening and responding to them being central to developing the long-term partnerships that Man Group is known for.

While we have a diverse global client base, this focus on nurturing long-term relationships with our clients is reflected in the trend of clients investing in more strategies across the firm. This illustrates the strength and breadth of our offering, and the value of providing clients with a service that understands them and their unique requirements.

Whether through keeping the majority of our international offices open during the pandemic to maintain a local presence, or in developing new structures and procedures to ensure client feedback is captured and communicated to all internal stakeholders, we are committed to ensuring that we can meet our clients' needs. This ethos extends from the service we provide to influencing the development of new strategies and products.

We can meet clients' specific needs by undertaking mandates on their behalf. This offers clients full control over any specific requirements they may have and is an example of where Man Group is able to accommodate ESG considerations alongside other aspects, such as specific investment timelines or with SDG alignment, for example. Furthermore, where ESG business development is concerned, multiple factors are considered.

Similarly, the time horizon for high-value stewardship activities that accompany investment of client capital is determined on a case-by-case basis and is a key consideration for us when deciding which companies to engage with or which collaborative initiatives to join.

Transparency and Reporting on Stewardship

Man Group has the capacity to report consistently on ESG activities across our investment engines, allowing our clients a uniform means to assess ESG performance at a strategy level. The report is generated from our proprietary ESG Analytics Tool. Our reporting is also consistent with the key measures our portfolio managers use to monitor their portfolios on ESG issues embedding a proprietary ESG scoring system derived from both standard data sources and Man Numeric's data research. The system applies advanced data science and quantitative analysis to disaggregate multi-vendor ESG datasets, allowing clients to assess a holistic score for the sustainability profile and impact of a portfolio and the potential to compare to its benchmark, when applicable. The report additionally provides third party data from the industry standard ESG data providers to provide a more complete picture.

Man Group believes that reporting transparency and consistency is essential to stewardship activities. Accordingly, Man Group reports overall firm voting data on a quarterly basis on its RI website. This data offers an overview of our voting activity at a meeting, ballot and proposal level. Furthermore, Man Group reports annually on Stewardship outcomes in our Stewardship Review.

In addition, Man Group makes voting activities at the fund-level available to clients, as well as stewardship activities at the firm-level upon request. In addition, access to fund-level stewardship data is available to the investment teams through the ESG

Analytics Tool. Man Group expects investment teams who are involved in issue-specific, fund-level engagements with companies that go beyond the engagement activities of Man Group's Stewardship Team to report on these activities to their external investors. As a general reporting format, Man Group will provide the following voting disclosure data: meetings attended and voted; ballot overview including votable ballots and ballots voted; and proposal overview including votable items, items voted, votes against, votes abstain, votes with policy, votes against policy, votes with management, votes against management and votes on shareholder proposals.

Our dedicated RI funds reflect their increased focus on ESG and stewardship by providing more thorough quarterly commentary on their portfolios ESG and stewardship activities.

Case Study 6.1. Man Numeric's Client Driven ESG Approach

Man Numeric has a long history of working closely with clients to customise mandates to align with their Responsible Investing beliefs and goals as well as their broader investment objectives. Man Numeric's experience dates back to the mid-1990s, when the firm began customising clients' separate account mandates with RI-related restriction lists (both stock and sector-level restrictions). Over the years, these mandates with custom restrictions have grown to be a large percentage of Man Numeric's overall asset base.

In more recent years, we have begun to expand beyond custom restriction lists to 1) custom carbon budgets (both absolute carbon emissions budgets and percentage reductions relative to their respective benchmarks), and; 2) increased weights to our comprehensive ESG alpha model for clients that specifically request it.

In the first quarter of 2019 Man Numeric debuted our comprehensive ESG alpha model, which we have increased the weight of in Man Numeric's multi factor model on a client-specific basis.

Our first mandate with a custom carbon budget was for a European client in the first quarter of 2017, a portfolio that we continue to manage today that has evolved based on the client's changing preferences. The carbon budgeting process is based on carbon output data from Trucost, and currently we manage portfolios that are 20 to 25% below their respective benchmarks in terms of carbon intensity.

Case Study 6.2. External Manager Assessment Framework

The growth of RI in asset management has been staggering. More and more allocators are demanding that their capital be invested responsibly, and such expectations are increasingly finding their way into hedge fund allocation decision-making. RI adoption is in its relative infancy within the hedge fund industry, unlike traditional or private markets sectors. It is widely accepted, and reinforced by investment managers, that RI adoption is hindered by the availability of good quality ESG factors data. As a result, allocator expectations of hedge fund firms practicing RI are still evolving, as are the hedge fund firms' considerations of the RI merits in managing these allocator expectations.

Understanding our clients' unique RI requirements not only ensure we can reflect their specific needs but also allows us to constantly evolve our RI value proposition to the benefit of our clients more generally. Indeed, institutional asset owners are increasingly asking about managers' credentials in integrating ESG and these discussions are now a standard feature of our interactions within Man FRM – Man Group's specialist provider of open architecture hedge fund portfolio solutions.

The rapid growth of RI in the asset management industry means that it is often hard to distinguish those investment managers serious about RI and those that overpromise with an eye on this increased investor demand. We recognise this difficulty and as a result, we believe allocators need to focus on an investment managers' RI policies, personnel and investment decision-making process to best navigate their way. Of course, not all funds are able to operate at the same level, but there should be a plausible indication of the direction of travel. A further challenge, and a very important one, is for the allocator's investment due diligence process to enable comparison across its various hedge fund holdings; being able to effectively do this will result in more effective ongoing monitoring as well as facilitating any reporting requirements.

Man FRM responded to increased client requirements by developing a proprietary manager RI assessment, leveraging expertise from across Man Group's RI, stewardship and CSR-related teams. The assessment aims to enable our institutional clients to evaluate managers across their portfolio through an easily digestible and transparent framework.

Figure 1. Assessing RI Managers

The framework was initially developed closely with a large client to evaluate their managers' approach to RI as part of initial and ongoing due diligence process, as well as for reporting. The framework aims to inform investment decisions and recommendations, while incentivising managers to improve procedures and policies

Within the overall manager RI assessment there are two proprietary frameworks used to appraise managers:

1. Responsible Investing - examples of topics covered include the type of RI policy being applied to an investment
2. CSR – a detailed framework with a thoughtful (and challenging) set of topics covering each assessed area

7. Stewardship, Investment and ESG Integration

We recognise that effective stewardship goes beyond just engaging on a reactive basis and we seek to use our resources, rights and influence proactively to monitor our investments and exercise positive change in the companies in which we invest.

Man Group's approach to stewardship is guided by our belief that as stewards of our client's capital we owe it to them to actively and responsibly manage their entrusted resources in order to unlock long term and sustained value, whilst taking account of financially material ESG considerations. We recognise that effective stewardship goes beyond the defensive to the proactive and we seek to use our resources, rights and influence to exercise positive change in the companies in which we invest.

As a proud signatory of the PRI, Man Group views ESG analysis as fundamental to investment risk management.

We recognise that RI is fundamental to our fiduciary duty to our clients and beneficiaries. We understand the importance of sound stewardship in managing investors' capital, and our approach to RI ensures that our interests and values are closely aligned to those of our clients and stakeholders. The Man Group RI website defines our commitment to RI and lists our RI policies across our investment engines.

Man Group has five investment engines that offer a broad range of alternative and long-only strategies, run on a systematic and discretionary basis across liquid and private markets. This multi-asset, multi-strategy business necessitates a nuanced and flexible approach to integrating stewardship into the investment process.

Whilst on the surface there may not be as many opportunities for a quantitative manager to exercise stewardship in its commonly defined manner, we believe areas do exist where our quantitative strategies may support our broader efforts across the Group. Accordingly, we have designed our approach to stewardship in close collaboration with senior members across Man Group's investment engines to leverage resources across the business to drive sound ESG practices at all investee companies.

RI at Man Group: A differentiated approach

The RI team at Man Group is what drives integration of Stewardship, Investment and ESG, taking a diversified approach to across all investment engines and striving to be a leader across all asset classes and investment strategies.

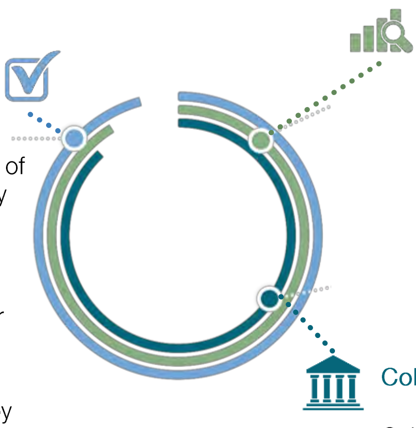
Figure 7.1

Man Group actively works to cultivate a diversity of approaches to identify, assess and integrate ESG-related risks and opportunities. Indeed, the breadth of Man Group's investment engines means that the firm represents a unique intersection of perspectives—quantitative, discretionary, macro, private markets and asset allocator—where competing and sometimes conflicting expectations, approaches and applications of ESG are actively debated. Despite our different approaches to RI, we apply a set of core efforts to underpin every portfolio we manage, for Man Group as a whole, these core efforts are defined in our RI Fund Framework which aims to ensure consistency and credibility across Man Group.

Stewardship

Recognising that our businesses incorporate a multitude of different investment approaches, the relevant aspects of stewardship will vary according to the investment discipline. Man Group's approach to stewardship extends across three distinct dimensions; *fund level* engagement, *firm level* voting and engagement, and *collaborative* engagement.

Figure 7.2



Firm Level Voting and Engagement

- Systematic incorporation of ESG preferences in proxy voting
- Increased engagement using quantitative and qualitative analysis by our dedicated Stewardship team
- Focus on transparency by publishing our Engagement Policy and Stewardship Report
- Progress recognised by PRI - A rating

Fund Level Engagement

Long term nature of GLG RI funds allows us to build close working relationships with management teams to affect change. Other Man Group engines leverage these efforts.

Collaborative Engagement

Collaborative engagement with other institutional investors and organisations to engage with companies on ESG specific issues.

- Bespoke screening system to identify high-value positions across the firm - reviewed by the Stewardship team
- Key focus areas: board gender diversity, board tenure, executive compensation, tenure of independent auditor, reincorporation and shareholder proposals focused on social and environmental issues

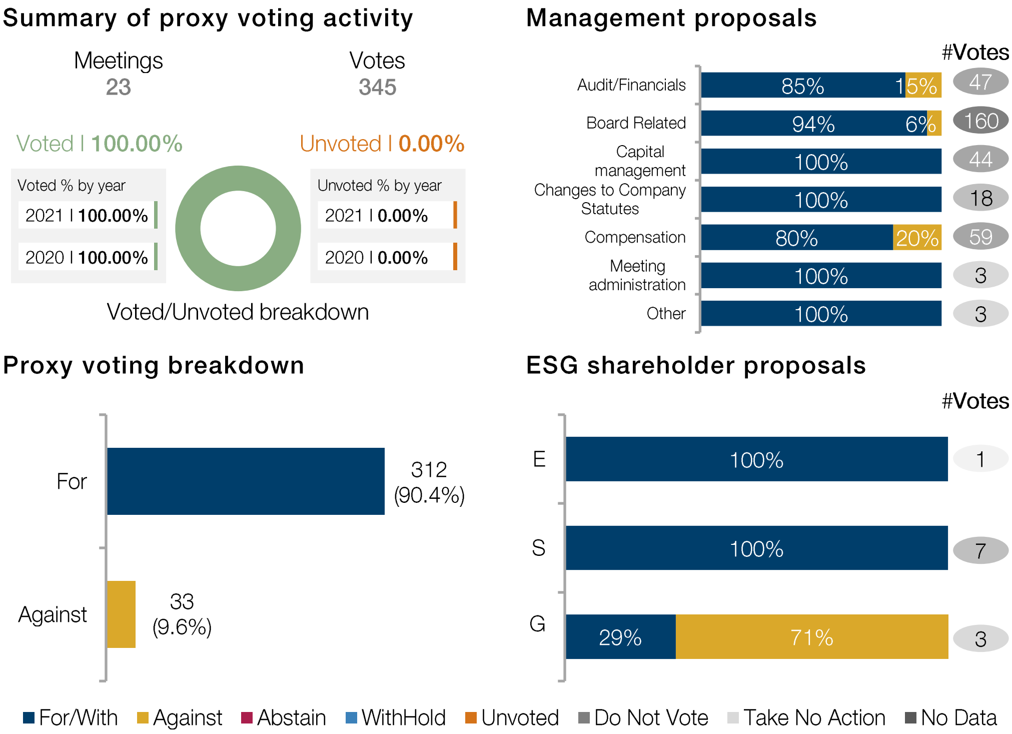
Stewardship is central to our discretionary managers' investment decision-making process. Our managers have exposure to over 2,000 securities from separate corporate issuers and conduct routine meetings with company management teams to discuss economic, financial, and non-financial ESG matters. This practice of active, positive engagement is an integral part of our discretionary managers' investment processes, enhancing our research as well as, crucially, helping to reinforce long-term, constructive relationships with investee companies for the benefit of our clients.

Since Man Group employs multiple strategies across the five investment engines, stewardship activities are multifaceted, ranging across all asset classes. For equities, shareholder voting is key to our engagement approach when interacting in direct dialogue with corporate issuers. It is also the vehicle for co-filing shareholder resolutions, which have a proven record of producing successful outcomes. For all other asset classes, such as synthetic or fixed income positions, we continue to use the full available suite of mediums to engage, whether directly or collaboratively, in writing or acting as signatories to letters and conference calls with management.

As part of Man Group's commitment to increase stewardship and ESG integration with the investment teams, we are always looking to develop a range of proprietary tools, such as recent work to develop a new stewardship tool where fund-level and firm-level engagement progress is aggregated, streamlining coordination between all relevant teams.

Man Group's ESG Analytics Tool highlights an effective initiative taken to increase the availability of high quality ESG data to managers. It offers investment teams an innovative and standardised approach to managing ESG risks and opportunities and is a platform to monitor ESG characteristics, environmental statistics, voting and stewardship data and company controversies. It also serves as a repository for stewardship and proxy voting activities accessible to investment and client servicing teams, strengthening the integration of stewardship practices and considerations throughout the firm.

Figure 7.3



Meeting Period: 3/1/2020 to 2/28/2021

Figure above is for illustrative purposes only.

The Tool was developed by Man Technology and Risk & Reporting teams under the direction of Man Group's RI Committee and address the following traditional challenges to investment teams:

Table 7.1

Key Features	Solutions
Applied across equity and fixed income securities for long-only and alternative strategies;	Helps to breakdown and organise the complexity of ESG data for investment teams;
Embeds Man Group's proprietary ESG score alongside datasets from three leading ESG data providers;	Multi dataset format allows to better measure and manage ESG risks and opportunities on a comprehensive basis across asset classes;
Analyse and compare ESG data at a portfolio, country, sector, company, and index level;	Allows us to take an innovative, uniform approach to ESG reporting.
Overview of a portfolio's stewardship activity.	

This is in addition to the introduction of new internal processes in which updates from engagement conducted by the firm-level Stewardship Team is distributed to all invested funds and teams in regular internal communications. This ensures transparency within the Man Group for all internal stakeholders and helps inform investment teams of stewardship-related concerns and discussions.

This represents part of a broader initiative which has seen work to structure Man Group's processes to optimise the impact of stewardship efforts, such as the Stewardship Team having integrated formally within the RI team, demonstrating Man Group's close alignment of stewardship, ESG and investment.

ESG Integration

While our stewardship obligations are of relevance for our discretionary managers, we believe it is our duty to set high expectations for the integration of ESG risks and, where relevant, engagement practices across the business. Man Group's RI Committee oversees the Group's progress on integrating ESG and engagement and provides a policy resource with which to formulate and disseminate information regarding best practices around RI. While the Man Group RI team drives the integration of ESG and engagement across the Group by providing managers with a comprehensive education in ESG as well as the requisite data and tools required to establish a credible RI process, investment teams are ultimately responsible for their own integration of ESG.

We typically do not prioritise any single issue or framework over others across the entire firm. Having said that, we are acutely aware of the importance of materiality analysis on a stock-by-stock basis. When considering materiality, we use a proprietary framework, in tandem with best practices such as SASB's Materiality template, to determine which ESG issues move the price of individual stocks and sectors. While some considerations (notably in governance) are applied universally across all investments, we are careful to apply our analysis on a case-by-case basis depending on the end markets and regions a company operates.

Additionally, investment managers' approach to ESG risk management may be differentiated by various factors including (amongst other things) the time horizon for investments (for example, longer term investments driven by fundamental analysis vs. shorter term investments driven by systematic trading programmes); asset class (noting that single name equity, single name fixed income and real estate investments may potentially be more exposed to ESG risks than other asset classes such as FX, rates or derivatives on broad based equity or fixed income indices); and the availability of adequate reliable data.

Figure 7.4

Identify

- Identify ESG factors both top down (systematic) and bottom up (discretionary).
- How generalisable across regions and asset classes?
- Distinguish idiosyncratic risk from systemic risk.

Measure

- What retraining (biases, risk adjustment) need to be done on structured data?
- What are the organizing principles behind unstructured data?
- What, through analytics tools, does this reveal about risk in a non-score-oriented manner?

Manage

- Understand and manage underlying ESG risks at a portfolio level.
- Elevates ESG risk to a higher level (asset and allocation, etc.)
- Enables investors to allocate to or away from risks in the context of their overall portfolio.

Case Study 7.1. An example of a Portfolio Manager led purposeful investment process - Novo Nordisk

Novo Nordisk[1], the leader in diabetes care, is an example of a company that is leadership in ESG credentials and its purpose driven mission made it a suitable addition for one of our portfolios.

At its Capital Markets Day in November 2019, Novo Nordisk abolished its long-term financial targets and replaced them with four pillars of which the first one is dedicated to purpose and sustainability. Novo's purpose is to "defeat diabetes and other serious chronic diseases." Novo also has targets for its environmental impact: it is currently committed to sourcing 100% of its energy from renewable sources by the end of 2020, and to having zero environmental impact by 2030. The latter target will require it to recycle all packaging and liaise with suppliers to have a truly circular manufacturing process.

In order to fulfil this purpose, Novo Nordisk will have to continuously iterate and innovate its drug platforms. We believe that Novo Nordisk will be successful at innovation as it has proven so with the launch of its molecule semaglutide which allowed Novo to reach market leadership in a promising diabetes drug class called GLP-1. Novo Nordisk has also innovated in the form of administration i.e. injecting it once weekly or even administering as an oral drug. Novo Nordisk's R&D department is benefitting from a recent shift in mind-set that the "new" CEO Lars Fruergaard instilled when he was appointed approximately three years ago: Novo now encourages the R&D teams to think bigger, be bolder and accept the occasional failure. In the pursuit of its purpose, Novo will drive its top line growth and create value for the firm, society and us as shareholders.

We believe Novo Nordisk's purpose truly permeates the organisation. Not only is management's compensation tied to achieving progress in the four strategic long-term pillars including sustainability targets, it is also reflected in the high and improving employee engagement scores.

Importantly, the company is also showing concern for stakeholders during the Covid-19 pandemic rather than simply focusing on its own bottom line. Since the onset of the crisis, Novo Nordisk has donated free insulin to selected humanitarian organisations. In addition, the company has created an assistance programme, whereby US customers with diabetes who have lost health insurance coverage because of a change in job status due to the Covid-19 pandemic may receive insulin free of charge for 90 days. Whilst in the short term this could have a damping effect on the firm's revenues, we believe this could reap a long-term benefit and further strengthen Novo's already stellar reputation.

With this strong purpose, the commitment to invest into the future of the business, and its environmental targets, Novo met the portfolio manager's ESG credentials. It not only takes its responsibility towards society seriously; it will likely also add value to society and hopefully ultimately to us as shareholders.

1. The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale

8. Monitoring Service Providers

Man Group uses a variety of service providers to assist us in discharging our RI and stewardship responsibilities. This section will briefly outline how we monitor our service providers to ensure we receive high quality and consistent data and advice.

Generally, Man Group uses a variety of service providers specific to stewardship and ESG integration. Broadly speaking we can segment these services providers in to two categories:

1. Proxy Voting Providers
2. ESG Data Providers

Use of Proxy Advisors

When considering a suitable proxy voting service provider, Man Group considers selection criteria based on a range of factors. These include: the ability to empower Man Group to step into the process and execute on its stewardship agenda; the degree of collaboration, including facilitating the sharing of industry expertise; the scope of markets covered matching Man Group's investment universe; robust and user-friendly systems; and the adherence to best practice principles.

Man Group conducts initial due diligence on all new proxy voting service companies and performs ongoing due diligence on all appointed proxy voting service companies. This ongoing due diligence will generally include the review of the proxy voting service company's policies and procedures, conflict procedures and voting guidelines at least annually.

Man Group appointed Glass Lewis as its proxy service provider. We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically and to receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions to ensure recommendations are in line with our expectations. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Additionally, our Stewardship Team conduct a quarterly due diligence questionnaire on the service provided by Glass Lewis and present this to our Stewardship Committee.

ESG Data Providers

Our approach at Man Group utilises an extensive range of ESG raw data and analysis from third party providers. As a data-centric firm, we believe in providing our managers with as much high quality ESG data as possible as well as conducting our own proprietary research. Thus, we subscribe to a variety of leading ESG data providers, with Trucost, Sustainalytics, MSCI and ISS as our primary ESG data providers.

We have onboarded complementary data sets which provide our investment teams with stronger frameworks for analysing ESG risk and opportunities on a more forward-looking basis, such as Paris-Aligned Climate data sets which assess alignment with sub 2 degree Celsius targets and potential company emissions reductions plans. Additionally, we have integrated SDG data that maps companies' revenue to the UN Sustainable Development Goals ('SDGs'), enabling our investment teams to assess a company's preparedness and commitments towards sustainability goals as well as their obstruction or contribution to the UN SDGs.

ESG Data Onboarding Process

Man Group's Data Science team sources and provisions data and analytics to Man Group's investment engines. The creation of the centralised team establishes investment data as a key priority across Man Group, aiming to avoid duplication of effort and increase the usage of alternative data across investment engines to generate alpha for our clients.

The team, led by the Director of Man Data Science, aims to:

- Align data strategy and sourcing across Man Group to enhance alpha creation;
- Introduce and maintain common data platforms with a rich set of data analytical tools;
- Enhance data discovery and data usage across investment teams; and
- Create data insights products to help investment engines make higher conviction decisions.

The Data Science team sources, negotiates and onboards trial data for the researchers within the different investment engines to evaluate. The investment engines conduct their own research to evaluate the usefulness of datasets and decide whether to purchase. There are several variations of this process:

- For cases where there is specific data with generally only one source (i.e. Glass Door Employee ratings), the researchers within an investment engine will assess the dataset and make a decision on whether to purchase.
- If there are multiple data providers for a specific project (i.e. plant location data for individual companies), the investment engines will evaluate the data and its cost and decide whether to purchase. For ESG data, the RI team will likely assist with the due diligence process and assess the various data options based off key criteria such as number and type of ESG indicators, data coverage and pros/cons vs other ESG third party data providers.
- For data that will be used on a firmwide basis (i.e. SDG mapping) the group with the most urgent requirement for the data, or the RI team, will lead the process of evaluating different options whilst working in conjunction with the relevant engines and central reporting. The RI team will likely be heavily involved in the assessment process and will assess the various options based off key criteria (examples provided above). The due diligence process might also involve asking providers to complete a detailed questionnaire.

Additionally, Man Group's Risk and Performance Team uploads data to an independent system from production to ensure integrity in the data retrieval. Further, as with all our data feeds, we have automated checks that will trigger when there is significant day-over-day change in correlation of the data. To ensure completeness of the data, we have built substitution rules—for example if carbon intensity data is not provided by the vendor for specific companies (particularly small caps), we substitute with industry mean.

ESG Data Due Diligence

We have spent considerable time to understand the few vendors we use and their processes so we can present the best combinations to our clients in each pillar of RI and meet regularly with our selected data providers. We believe by understanding and compiling the disparate pieces of ESG data, we can potentially turn the off-the-shelf variables into a useful and informative signal. This work has given us what we believe is a deep understanding of our selected data providers and allows us a strong platform to monitor changes to their methodology.

Any new data feed coming into the firm must complete a Data Vendor Review form which includes applicable due diligence, including how data is collected and stored, how it will be obtained, the nature of the information and compliance with legal obligations. The form is reviewed by Compliance and approved prior to any usage by the firm.

To ensure the validity of the ESG/sustainability claims made by third party providers, the RI team will likely be involved in the due diligence of third-party ESG data, research and analytical resources. As mentioned previously, the team will assess third-party ESG data based off key criteria such as:

- Data quality and integrity (i.e. look-ahead bias)
- Relationships with casual/intuitive concepts
- Data delivery
- Granularity
- Data uniqueness
- Coverage
- Frequency and history
- Methodologic transparency
- Market adoption
- Cost

The due diligence process might also involve asking providers to complete a detailed questionnaire, allowing us to dig deeper into the quality of the provider and the data/services they offer.

Aside from the dedicated RI team, the ESG experts within each investment engine also play a critical role in ensuring the integrity of ESG data at the engine level, utilising their specialist knowledge to validate the ESG/sustainability claims made by third-party providers.

In choosing data providers, we reviewed more than a dozen ESG data providers and trialled eight of them to test in our rigorous quantitative framework. Our key criteria were how well each could be used for our purposes and which data sets complement each other well. This was preferable, in our view, to a shallow understanding of a larger number of providers.

Meeting our needs

An area of focus in improving the service we receive from our multiple providers has been the integration of the proxy analytics and ESG data into Man Group’s proprietary tools. As we continue to expand the scope of our stewardship activities, particularly to meet requirements for new products at the fund-level, the importance of leveraging the firm’s longstanding expertise in creating tools in collaboration with our voting and data providers is what will continue to ensure that Man Group is a leader in this area.

Furthermore, we have engaged with our established service providers, such as our custodial banks and prime brokerage partners, and have involved them in a number of conversations to improve their ability to meet our increasing stewardship activities. This has been far-ranging, exploring new services and the streamlining of existing processes so that we are able to operate more efficiently and maximise our impact.

In particular, as an alternative asset manager with numerous synthetic strategies, we have been working with prime brokerage partners to explore future possibilities to exercise stewardship activities traditionally unavailable to alternative asset managers, particularly in relation to voting, on these positions. Though we recognise the traditional limitations that are posed in this area, there are clear opportunities in this space to expand the scope of stewardship within the asset manager universe, opportunities that Man Group is committed to becoming a leading organisation in.

9. Engagement

We understand the importance of sound stewardship in managing investors' capital, and our three-dimensional approach to engagement closely aligns us with the values of our clients, shareholders, and other stakeholders

As a responsible investor, Man Group complements its stewardship activity by carrying out rigorous engagement work with investee companies. We define engagement as a constructive and purposeful dialogue with companies on material risks tied to ESG issues – a targeted and focused discussion with a clear agenda and defined objectives. We have designed our approach to stewardship in close collaboration with senior members across Man Group's investment engines, many of whom focus on ESG related strategies to leverage resources across the business to drive sound ESG practices at all investee companies.

Our commitment to good quality stewardship of our clients' entrusted assets is reflected in us being awarded an A in our Active Ownership UNPRI module. This score sees us above a selected group of investment management peers of similar size and includes more traditional discretionary managers.

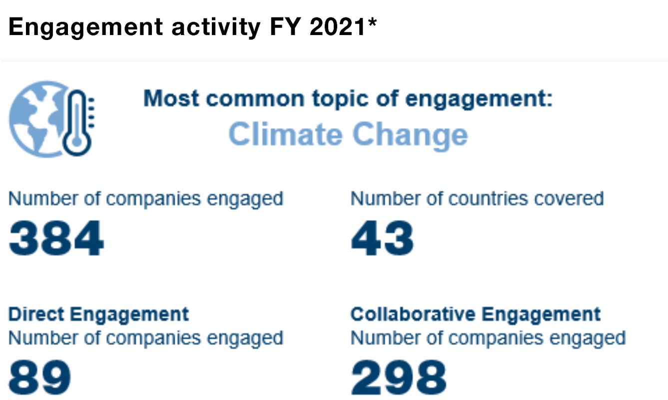
As mentioned previously, our approach to engagement extends across three distinct dimensions:

1. Systematic engagement (Firm-level / Direct Engagement)
2. Collaborative engagement (Firm-level / Collective Engagement)
3. Fund-level engagement (Fund-level / Direct Engagement)

The first dimension – systematic - is led by Man Group's Stewardship Team, which conducts direct engagement with companies on several ESG themes through conference calls, letters, e-mails, video calls and in-person meetings. This dimension spans all of Man Group's investment engines. It leverages the Group's scale and aggregate ownership in securities to promote best practices and affect meaningful, positive outcomes.

The second dimension - collaborative engagement - is also managed at the Group level by Man Group's Stewardship Team and the RI Team. Collaborative engagement occurs when a group of institutional investors come together to engage with companies on ESG issues. This approach often benefits from the involvement of an intermediary that supports investor coordination and dialogue and acts as a facilitator between investors and companies. We will provide additional information on our collaborative engagement initiatives in the following principle.

Figure 9.1



**Source: Man Group Annual Stewardship Review 2021*

Finally, the third dimension - fund-level engagement - is conducted at the subgroup level, particularly within the firm's discretionary investment strategies. In this area, Man Group discharges its stewardship responsibilities primarily through company interactions and active engagement undertaken by investment teams within Man GLG who perform fundamental-oriented investment research.

Context for our approach

As a responsible investor, Man Group believe that as stewards of our clients' capital we owe it to them to manage their entrusted resources actively and responsibly in order to unlock long-term and sustained value.

This is demonstrated in Man Group being proud signatories of the UN-supported PRI and as a founding member of the Standards Board for Alternative Investments ('SBAI'). These organisations aim to develop and reinforce a framework for the better implementation and adherence of ESG as well as governance for the alternative asset management industry.

With this values-based approach, we are also committed to a corporate culture that creates a diverse and inclusive workplace, where difference is celebrated and everyone has an equal opportunity to thrive, as well as giving back and contributing positively to our communities. From this standpoint do we seek to influence and work with our investee companies through our stewardship engagement process and from this foundation have we developed the six key steps of our engagement approach. For more details on our values, please refer to Principle 1.

Furthermore, in a landscape where clients have increasing expectations for asset managers to have structured and on-going engagement with investee companies, Man Group continues to widen the scope for our engagement and with a view to developing long-term, meaningful dialogue with the companies we invest in. For more details about how we meet our clients' expectations. please refer to Principle 6.

Systematic Engagement

Systematic engagement as implemented by the Stewardship Team generally follows six key steps:

1. Identification

The process starts with problem identification. Using our heritage in data to our advantage, we systematically monitor investee companies across a range of measures identifying scenarios where we believe there is a fundamental gap between a holding's material ESG risk that could be managed by the company and what the company is managing. This allows us a high-level overview of our broad holdings. This quantitative assessment is complemented by qualitative research by our dedicated stewardship specialists in devising our engagement target lists.

This analysis triggers enhanced company engagement with the purpose of augmenting our knowledge of the company, instigating change, and improving corporate practices and management of ESG issues. Typically, it involves an intensive, in-depth approach, tailored to the company and its challenges, over multiple interactions.

We also select engagement themes each year in cooperation with the RI Team, our Stewardship Committee, RI Committee, and senior management. Thematic company engagement is focused on a single issue, allowing us to explore carefully chosen ESG problems each year with a larger number of companies. In 2021, our engagement priority was to focus on companies identified as lagging on environmental reporting and GHG reductions plans and on diversity matters. Our Stewardship Team focuses their engagement efforts on encouraging issuers to take these issues seriously. Please see our Activities and Outcomes section which shows examples of this approach's success.

2. Selection

The second step is company selection. From the list of potential candidates, companies are chosen based on the materiality of the ESG risk, controversy level and / or exposure to the engagement theme. We then give priority to companies based on coverage, ownership stake and RI-dedicated funds overlap. This ensures that we have an active and constructive relationship with our key investee companies and increases the likelihood that our engagement efforts have a significant impact.

- Coverage – We will prioritise companies widely held by several portfolios across our investment engines.
- High-value positions – We will prioritise companies where funds managed by Man Group hold a meaningful ownership stake.
- RI-dedicated funds – We will prioritise companies in our RI-dedicated funds' portfolios. These are funds within Man Group that are focused on RI, and which fully integrate ESG into the investment process.

3. Discussion

We favour a transparent and collaborative approach. If we think we have a case for engagement, our next step is internal discussion. For this purpose, the Stewardship Team identifies holdings across Man Group for each target company and seeks the input of the relevant investment managers. Depending on the scale of the issue or our position, we will also bring the matter to the attention of the RI Committee and senior management.

At this phase, we will work on a strategy and define objectives for the engagement – deciding whom we are going to approach, how we are going to initiate dialogue with the company, and the key issues we are going to address. Establishing a plan with clear objectives and conducting research beforehand is essential for the successful implementation of our approach.

4. Initiation

The fourth stage is dialogue initiation. This is the point we contact the company and explain our motives and the background for the engagement. Generally, we will write to the company first and define the issues we would like to address and why. We then try to schedule an in-person meeting or conference call to discuss these matters at greater length, clarify our expectations, and hear the company's response. The way we choose to lead an engagement is not static, however, it varies depending on the company's response, circumstances and type of engagement.

We record all interactions with a company in our engagement tracker along with meeting notes and any other pertinent documentation.

5. Evaluation

The fifth step is evaluation. This is about monitoring progress and assessing the extent to which our objectives have been met. At this stage, we will deliberate if and when follow-up is needed, or if escalation is required – see Principle 11 for further information on our engagement escalation procedures.

Table 9.1

Evaluation results 2021

Success	11
Positive progress	321
Flat progress	9
No success	56

6. Conclusion

The sixth and final step is conclusion. When we close an engagement, we consider the results, what we have learnt and the efficacy of our engagement approach. Man Group believes that reporting transparency and consistency is essential to stewardship activities. Accordingly, on an annual basis we will report a summary of our engagement activity throughout the year. We will also report details of our engagement activities to clients upon request.

Figure 9.2

Engagement Process

1. Problem Identification
   - ESG Screening and Research
   - Engagement Themes
   - Engagement Proposition (internal / external)
2. Company Selection
   - Risk & ESG Performance
   - Exposure to Engagement Theme
   - Prioritisation (Coverage, High-Value Positions, RI-Dedicated Funds
3. Internal Discussion
   - In-house Consulting
   - Strategy & Objectives
4. Dialogue Initiation
   - Communication
   - Tracking & Documentation
5. Evaluation
   - Progress Monitoring
   - Escalation
6. Conclusion
   - Reporting
   - Engagement
   - Closure

Fund-level engagement

Stewardship is central to our discretionary managers' investment decision-making process. Our discretionary managers have exposure to over 2,000 securities from separate corporate issuers and conduct routine meetings with company management teams to discuss economic, financial and non-financial ESG matters. This practice of active, positive engagement is an integral part of our discretionary managers' investment processes, enhancing our research as well as, crucially, helping to reinforce long-term, constructive relationships with investee companies for the benefit of our clients.

A number of our funds at Man Group have a strong focus on ESG engagement as part of their investment process and these funds typically carry out their own prioritisation on which issues to engage on drawing on their deep understanding of material issues in their portfolios. These engagements typically are long term in nature matching investment horizons and allow our portfolio managers to build close working relationships with stakeholders which ultimately, we hope, will help drive better outcomes.

Furthermore, the nature of engagement at the fund-level is approached through the lens of a fund's designation under the SFDR, with greater requirement of investments teams of Article 8 and 9 funds to actively engage with investee companies on a range of ESG topics. Engagements are undertaken across all affected asset classes and regions. The nature of the dialogue may also differ from that undertaken by the firm-level Stewardship Team, with more regular interaction, leveraging the close relationship that is fostered between investment teams and investee companies to great high-impact engagements. These are methodically recorded with progress tracked internally to ensure a material impact.

10. Collaboration

We understand the importance of sound stewardship in managing investors' capital, and our three-dimensional approach closely aligns us with the values of our clients, shareholders, and other stakeholders.

Participation in Leading Industry Standard Setters

We see merit in efforts to collaborate on RI and ESG-related standardisation through investor groups and initiatives. Man Group recognises that, in pursuing the best interests of our clients, institutional investors have a responsibility to consider working with other investors with the objective of protecting and enhancing shareholder value. As a firm, we support initiatives such as the UN PRI Collaboration Platform designed to address the collective concerns of multiple investors in order to support best practices in corporate governance and engagement in capital markets.

Man Group leverages many collaborative investor efforts within the PRI and take an active role within the organisation contributing to the development of ESG best practices.

We are involved with the following PRI working groups:

- PRI Hedge Funds Advisory Committee
- PRI Academic Network Advisory Committee
- PRI Macroeconomic Risk Advisory Committee

Secondly, Man Group is a founding signatory of the Standards Board Alternative Investments ('SBAI'), and Luke Ellis, Man Group's CEO, is a member of the Board of Trustees. The SBAI is a standard setting body for the alternative investment industry and custodian of the Alternative Investment Standards. The SBAI provides a powerful mechanism for creating a framework of transparency, integrity and good governance which improves how the alternative investment industry operates, facilitates investor due diligence and complements public policy which ultimately benefits our clients.

Additionally, Man Group is also either a member or signatory to the following organisations: the United Nations Global Compact ('UNGC'), the Institutional Investors Group on Climate Change ('IIGCC'), the International Sustainability Standards Board ('ISSB') (formerly known as Sustainability Accounting Standards Board ('SASB'), Managed Funds Association ('MFA'), and the Investment Association ('IA') Sustainable and RI Committee and CFA Institute - Global Industry Standards Steering Committee. These organisations aim to develop and reinforce frameworks for the better implementation and adherence of ESG as well as governance for the alternative asset management industry.

Man Group sees its participation and promotion of these and other RI organisations as a commitment to embed the values of its clients in the firm ethos and its investing philosophy.

Man Group is a proud member and supporter of the following organisations and initiatives as of March 2022:

Industry associations and standards-setting bodies:

- UK Stewardship Code
    - Man Group is delighted to be part of the first wave of signatories to the inaugural UK Stewardship Code, and applies and evidences the twelve principles across the firm's investment strategies;
    - Please see our RI webpage for our UK Stewardship Code response.
- Alternative Investment Management Association ('AIMA')
    - AIMA promotes the best interests of the alternative investment industry in order to enhance the wider understanding of its function. AIMA is closely aligned with policy makers, legislators and regulatory authorities around the world, also collaborating with key governments and authorities on proposed legislation and consultation;
    - Robyn Grew, Man Group's COO and General Counsel, sits on the AIMA Council.
    - We are a member of AIMA Global RI Committee.
- Task Force on Climate-related Financial Disclosures ('TCFD')
    - Man Group is a formal supporter of the TCFD and currently working to document how our reporting and strategy are in line with the recommendations. We report our own carbon intensity and total emissions in line with TCFD recommendations and are refining reporting on our strategy and risk management;
    - Man Group became a formal supporter of the TCFD in 2020.
- Managed Funds association
    - An advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy.
    - Man Group is a Members of MFA and a part of the ESG Working Group
- The Investment Association
    - Trade body that represents UK investment managers. The association promotes UK investment management, which is the largest industry of its kind in Europe.
    - Member and Committee Member of IA's Sustainability and RI Committee
- CFA Institute
    - Seeks to set professional standards for investment management practitioners and broadly engage other finance professionals through their interest and interactions with the investment management industry.
    - Man Group is a member of CFA ESG Technical Standards Committee and member of Global Industry Standards Steering Committee
    - Man group has made significant contributions to the CFA's Investing in ESG Certificate course (Jason Mitchell is the author of a chapter) and the CFA's Climate Change Analysis in the Investment Process.
- Climate Financial Risk Forum ('CFRF')
    - The CFRF, co-chaired by the FCA and the Prudential Regulation Authority (PRA), builds capacity and shares best practice across financial regulators and industry, to advance our sector's responses to the financial risks from climate change.
    - The CFRF set up 4 working groups on disclosures, scenario analysis, risk management and innovation. Each working group is chaired by a CFRF member and supported by an external secretariat. Membership consists of

wider industry participants, including trade associations, to make sure that a broad range of firms is represented.

Collaborative initiatives:

- Net Zero Asset Managers Initiative
  - The Net Zero Asset Managers Initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions in investment portfolios by 2050 or sooner. Man Group joins the initiative in order to build on our existing progress on climate objectives, raise our own standards of accountability for portfolio-born emissions and send an unequivocal message that we recognise the importance of managing climate risk for our clients, employees, stakeholders and the environment;
  - Man Group became a signatory in 2021.
- Climate Action 100+
  - Climate Action 100+ is a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. Man Group believes that engaging and working with the companies in which we invest – to communicate the need for greater disclosure around climate change risk and company strategies aligned with the Paris Agreement – is consistent with our fiduciary duty;
  - Man Group become a partner with Climate Action 100+ in 2018
- The Investor Forum
  - Established in 2014 with the support of the Investment Association, the Investor Forum seeks to position stewardship at the heart of investment decision-making by facilitating dialogue between investors and UK listed companies creating long-term solutions and enhancing value;
  - Man Group has been a member of the Investor Forum since March 2019.
- Institutional Investors Group on Climate Change ('IIGCC')
  - Man Group is a signatory to the IIGCC. The IIGCC works with business, policy makers and fellow investors to help define the investment practices, policies and corporate behaviours required to address climate change. Addressing key issues through the programme areas below, they also work closely with other investor groups and play a leading role in global investor initiatives on climate change;
  - Man Group became a signatory to the IIGCC in 2021 and is member of various working groups.
- Farm Animal Investment Rik & Return ('FAIRR')
  - FAIRR and its founding members believe that a worrying knowledge gap has emerged among investors in relation to the material investment risks and opportunities connected with intensive livestock farming and poor animal welfare standards. The FAIRR initiative aims to close that knowledge gap, ensuring that investors understand the risks and opportunities to emerge from this growing method of livestock production, and to support investors to assess these issues as part of their investment processes.
  - Man Group has been partner of FAIRR since March 2017.
- Rathbones - FTSE350 modern slavery engagement initiative
  - The engagement, led by the Rathbones stewardship team and co-ordinated through the PRI Collaboration Platform, includes 29 asset managers and institutional investors, including pension funds, and targets FTSE 350 companies which fail to comply with Section 54 of the Modern Slavery Act (2015).

- As a result of previous engagements through Rathbones, the 61 FTSE 350 companies targeted in 2021 became compliant by January 2022, and 20 out of 22 FTSE 100 companies contacted in 2020 became compliant by the end of that year.

- Ceres & PRI – Investor Statement on deforestation and forest fires in the Amazon
  - The Investor Initiative for Sustainable Forests, run in collaboration with Ceres, is helping investors to understand how deforestation within cattle and soybean supply chains represents a material risk to companies.
  - It is coordinating collaborative investor engagement with companies that have either a direct or indirect exposure to commodity-driven deforestation, whilst also addressing other ESG issues related to soft commodity production, such as poor working conditions, land rights and impact on indigenous peoples.
  - More than 35 investors are already engaging with over 20 companies across the soy and cattle value chains.

Additional ESG-focused organisations:

- Imperial College Climate Finance & Investment Centre Advisory Board
  - The role of the Advisory Board is to review the research priorities for each coming academic year and advise on potential changes to improve the real-world relevance of our research agenda.
- Carbon Pricing Leadership Coalition ('CPLC')
  - Established in September 2014, the World Bank-supported CPLC formed from a groundswell of support for carbon pricing at the UN Climate Summit, where 74 countries and more than 1,000 companies expressed support for carbon pricing. The Coalition officially launched at COP21 in Paris, with the goal to expand the use of effective carbon pricing policies that can maintain competitiveness, create jobs, encourage innovation, and deliver meaningful emissions reductions;
  - Man Group has been a member of the Leadership Coalition since December 2015.
- New Plastics Economy Global Commitment
  - The New Plastics Economy Global Commitment unites businesses, governments, and other organisations behind a common vision and targets to address plastic waste and pollution at its source. Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations, investors, and other organisations. The New Plastics Economy Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with UN Environment;
  - Man Group has been a signatory since 2019.
- Pensions for Purpose
  - Pensions for Purpose is a collaborative initiative of impact managers, pension funds, social enterprises and others involved or interested in impact investment;
  - Man Group has been a member of the initiative since 2019.

Case Study 10.1. Rathbones – FTSE 350 modern slavery engagement initiative

In 2021, Man Group continued its support for an investor coalition, led by Rathbones and representing £9.6 trillion AUM. The engagement, co-ordinated through the PRI Collaboration Platform, includes 29 asset managers and institutional investors, including pension funds, and targets FTSE 350 companies which fail to comply with Section 54 of the Modern Slavery Act (2015).

Modern slavery has a significant human and economic impact globally. It is estimated to be a $150 billion trade which involves approximately 40.3 million people in some form of slavery including forced labour, the sale and trafficking of people, forced and servile marriage and the exploitation of children.

The Modern Slavery Act (2015) requires all companies above a certain size operating in the UK to report in detail on how they find and eliminate modern slavery within their supply chains. But despite the legal requirement to do so, there is currently no legal redress for companies that fail to comply.

As a result of previous engagements through Rathbones, the 61 FTSE 350 companies targeted in 2021 became compliant by January 2022, and 20 out of 22 FTSE 100 companies contacted in 2020 became compliant by the end of that year, demonstrating critical outcomes to successful collaborative engagements.

11. Escalation

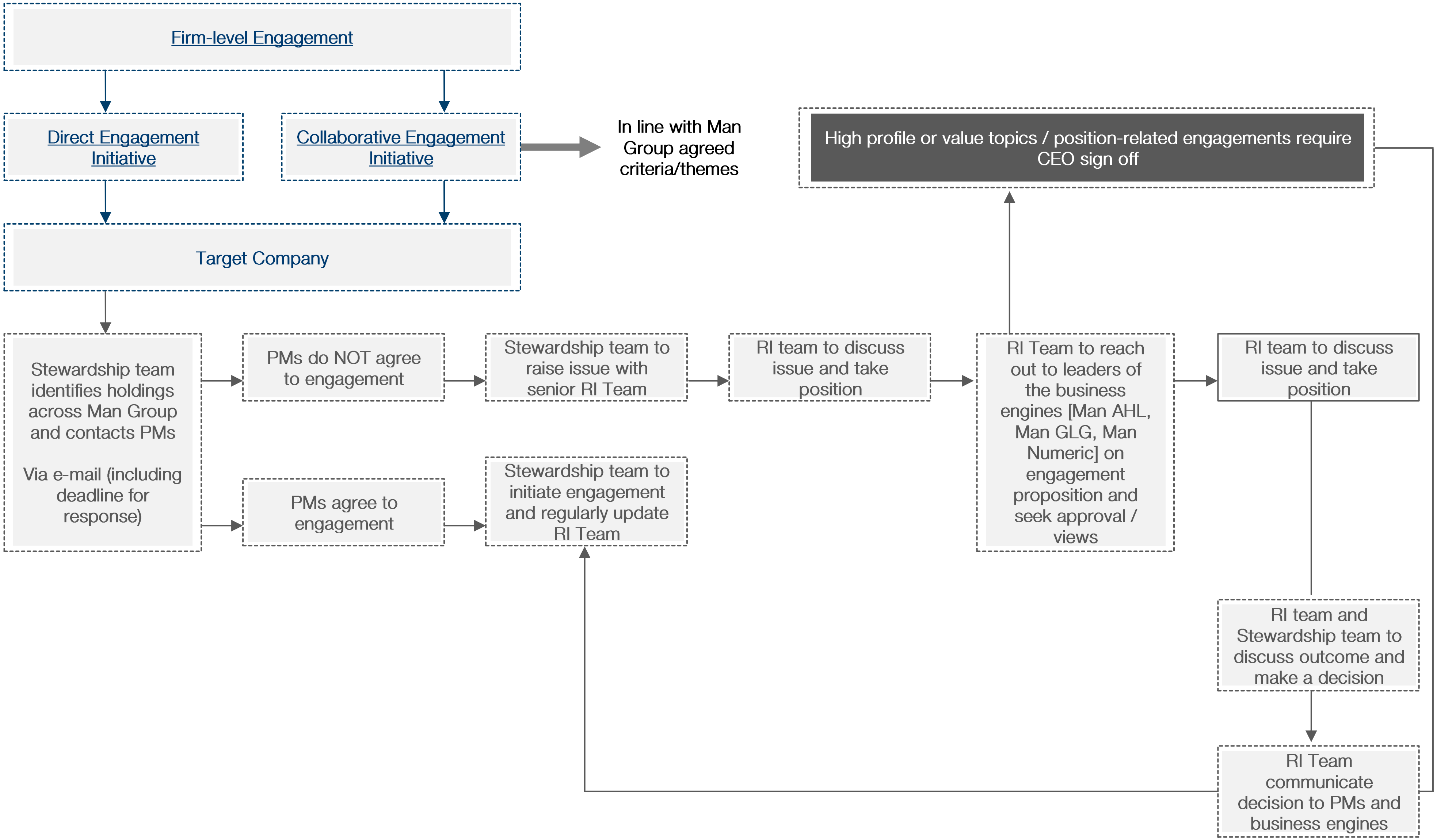
Our aim is to conduct all engagements in a positive and mutually beneficial manner. We recognise the importance of having discussions with our investee companies in a confidential manner and we strive to resolve any issues before taking further action.

Man Group's multi-dimensional approach to stewardship — systematic at the firm level; selectively collaborative at the firm level; and targeted engagement at the fund level — provide a number of opportunities, sometimes overlapping, for engagement and, if necessary, escalation. Tactical (non-systematic) engagement is assessed on a case-by-case basis. Any escalation of Man Group's engagement activities is generally dependent on the nature and size of our ownership; the circumstances of the issue and its relevance to a specific fund strategy and its guidelines; our relationship with the management and board of the investee company; and the likelihood of collaborative engagement with other investors.

Man Group's investment strategies cover most asset classes across the long-only and alternative spectrum. While Man Group's Stewardship Team and the Stewardship Committee will address engagement activities at the firm level, it should be recognised that the nature of Man GLG, Man Group's discretionary business, makes it most relevant in active ownership and stewardship activities. While many of our discretionary strategies focus on companies regarded as best-managed, other strategies concentrate on realising value through distressed assets where engagement with investee companies is critical to the investment case. Similarly, Man Group's Stewardship Team applies a uniform approach to escalation where different asset classes and geographies are concerned, with exception to equity positions where opportunities to vote and filing shareholder proposals offer increased leverage in cases where utilising the Man Group escalation process has been required.

Where the likely need for escalation has been identified, Man Group also follows an internal process for escalation whereby all senior stakeholders are informed of an engagement and the necessary checks take place to ensure that any conflicts of interest are identified and to provide an opportunity for the investment teams to voice any concerns they may have, if any.

Figure 10.1

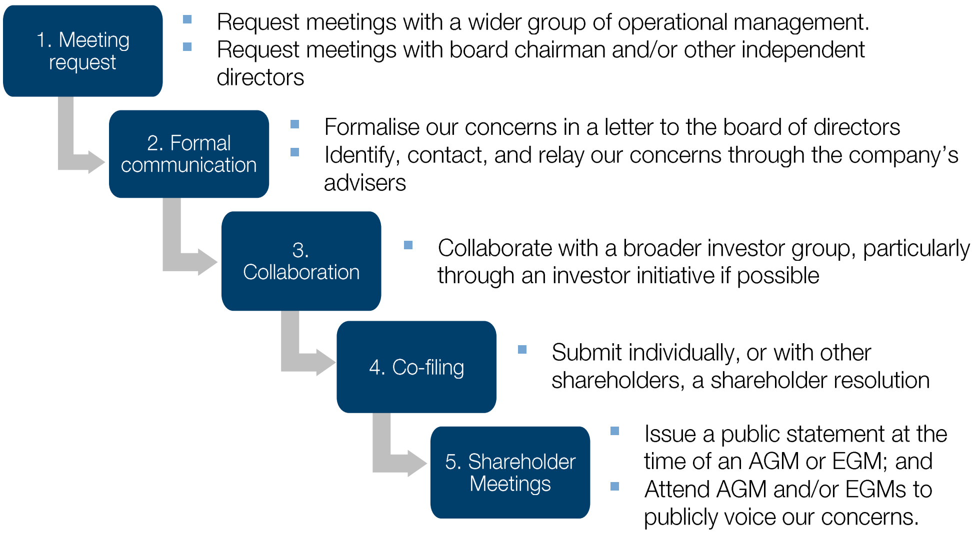


Firm-level Engagement
Direct Engagement Initiative
Collaborative Engagement Initiative
In line with Man Group agreed criteria/themes
High profile or value topics / position-related engagements require CEO sign off
Target Company
Stewardship team identifies holdings across Man Group and contacts PMs
Via e-mail (including deadline for response)
PMs do NOT agree to engagement
Stewardship team to raise issue with senior RI Team
RI team to discuss issue and take position
RI Team to reach out to leaders of the business engines [Man AHL, Man GLG, Man Numeric] on engagement proposition and seek approval / views
RI team to discuss issue and take position
PMs agree to engagement
Stewardship team to initiate engagement and regularly update RI Team
RI team and Stewardship team to discuss outcome and make a decision
RI Team communicate decision to PMs and business engines

Man Group's discretionary, non-quantitative manager business, Man GLG, frequently assumes an active approach in communicating their investment decisions to investee companies. We typically engage with management through meetings to discuss business strategy and other issues. At all stages of escalation, we will seek to ensure that our views are represented by those who have appropriate seniority and experience. We may complement these meetings with requests for publicly disclosed information or follow-up communication. We recognise the importance of escalating these discussions sensitively and confidentially. As such, we strive to reach consensus with investee companies before taking further action (such as calling shareholder meetings or collaborating with other investors). Should conflicting opinions arise surrounding a voting decision among different investment strategies or teams, the Stewardship Team, Global Compliance Team and Stewardship Committee will ensure that best practice is applied for the firm as a whole.

If we fail to resolve the issue, but still recognise the case for the investment in a company, we may take steps to escalate our actions. If overtures to engage on issues are not acknowledged by company management or the board of directors, Man Group's discretionary managers will consider a number of steps towards greater escalation. On such issues and in such circumstances, our actions may be as follows:

Figure 10.2



A constructive approach to escalation has a proven record of yielding positive outcomes when investors and civil society work in collaboration. For example, we worked alongside other investors, coordinated by ShareAction, to pursue an escalation strategy with Barclays due to consensus among investors that the Company needed a more robust climate policy. Following each step of the escalation process to engage with Barclays*, the group eventually made clear their intention to file a shareholder resolution at the 2021 AGM. In response, the Company put forward a proposal which committed the bank to carbon-neutrality by 2050, which received 99.93% support from investors.

Ultimately, Man Group believes that a constructive dialogue with the board and/or management is the optimal means of engagement. Should this and all other efforts fail, or we believe that the company is not making reasonable amendments to its strategy or underlying policies, Man Group may sell its entire ownership stake for the preservation of capital in the interest of its clients.

*The organisations and/or financial instruments mentioned are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

12. Proxy Voting Exercising Rights and Responsibilities

Signatories to the Stewardship Code should actively exercise their rights and responsibilities. In this section we will outline our use of proxy voting as an essential part of our investment oversight.

The execution of voting rights is a key element of Man Group's active ownership approach. We carry out our fiduciary duty by voting at shareholder meetings and expressing our support for (or concern with) management and shareholder resolutions.

Man Group's Stewardship Team oversees all proxy voting activity at the firm level. Our voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences. Our voting policy is available on the Man Group website as part of our RI Engagement Framework.

Voting Process

Our aim is to vote at all meetings for our holdings where we have the legal right to do so. Unless directed otherwise under the terms of an investment mandate, Man Group's general policy is to vote on issues in the same fashion for all of our clients unless a client reserves specific instructions or there are other compelling circumstances.

Man Group generally actively vote on every holding in client portfolios in accordance with its ESG Voting Policy guidelines, unless otherwise restricted within separately-managed client accounts or limited because of exposure to synthetic instruments. Although we generally vote in accordance with the recommendations of our proxy voting service provider, based on the application of our custom policy, we retain our right to determine and exercise the final voting decision. In addition, if a Portfolio Management Team or client provides Man Group with specific instructions as to the manner in which a proxy should be voted, we will endeavour to follow such instructions, notwithstanding that they may not be in accordance with our voting policy. We expect our investment teams to be aware of the corporate structure and governance of our holdings, both for financial and non-financial ESG issues. Further, we facilitate the implementation of specific client requirements which, in the US, may include Taft-Hartley guidelines for clients under such requirements.

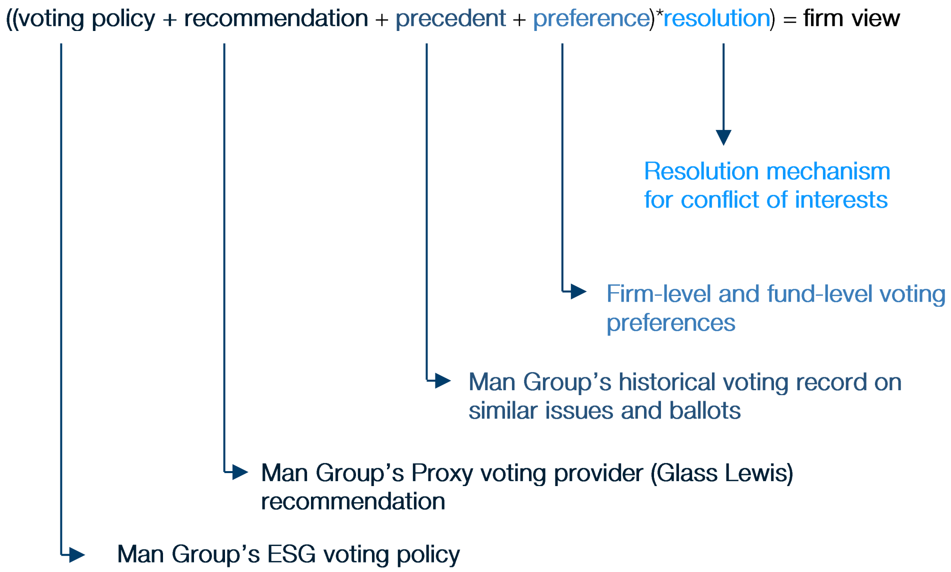
For Man FRM, our investment specialist and advisory business, we consider voting an important right to be exercised and part of a manager's fiduciary duty. While we allow underlying managers the discretion to vote, we do make it clear that active stewardship is preferable. We believe that approaches to proxy voting, including abstention, may constitute part of a manager's investment thesis.

Regarding departures from best practices in corporate governance, Man Group believes that the 'comply or explain' approach is the foundation of corporate governance in the UK and Ireland. While our proxy voting service provider operates a policy-based approach, we recognise that, in certain cases, there may be a good reason why non-standard corporate governance arrangements fit a company's particular circumstances. When assessing the quality of a company's explanation, our proxy voting service provider follows the guidance provided by the Financial Reporting Council ('FRC') in the UK Corporate Governance Code (the Governance Code). Should a company not sufficiently comply or effectively explain a failure to abide by the Governance Code, we would expect our proxy voting service provider recommend a vote against management which we would follow unless there were extenuating circumstances.

The nature and topic of these interactions can be wide-ranging, including matters relating to stewardship and corporate governance practices. They may also include long-term corporate strategy ambitions, board issues (remuneration, composition and independent representation), financing, corporate actions such as potential acquisitions or divestitures, exposure to non-financial ESG risks and overall corporate performance metrics.

Given the number and diversity of investment teams at Man Group, we recognise that situations may arise in which investment teams form differing opinions on a proxy vote. In such circumstance, Man Group maintains a process designed to consider all perspectives, weighing them against management recommendations, recommendations from our proxy vote provider, the advice of Man Group's Stewardship Team and, when required, guidance from our Stewardship Committee, in order to arbitrate a decision that is transparent and in line with best practice.

Figure 12.1

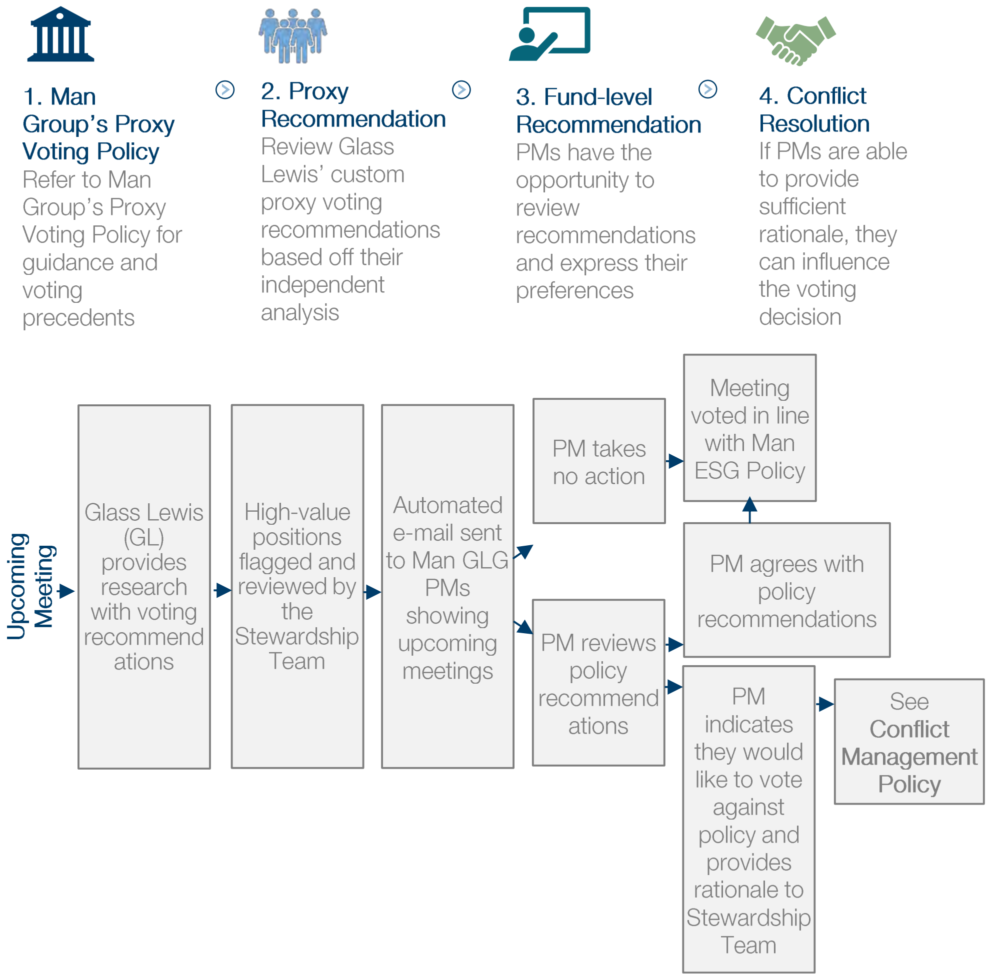


Allowing clients to instruct voting in segregated and pooled accounts is something we are currently exploring. To date, we have no formal processes in place in this regard but we remain open to different ways that we can serve our clients to meet evolving expectations of stewardship practices and standards. The key to supporting the service of granting underlying clients access to cast votes is that the accounts are segregated. If the underlying clients' assets are in a pooled fund, ballots will be received at the pooled fund level, and therefore all the asset owners' positions would be on the one ballot.

Man Group's Stewardship Team maintains documentation of all proxy voting decisions which are contrary to Man Group's ESG Voting Policy. Man Group's Stewardship Committee meets quarterly to review the firm's approach to stewardship activities and voting activity.

It should be noted that, in exceptional cases, we may choose to refrain from voting due to additional costs associated with the vote which we believe are not beneficial to our clients. A primary example is where there are restrictions placed on trading. If share blocking applies to a meeting, we think that the disadvantage of being unable to sell the stock generally outweighs the benefit of voting. In addition, some jurisdictions may require documentation that is difficult or costly to obtain as a condition to voting. From time to time, Man Group funds may also hold equity positions purely for financing purposes. The net result of these holdings is that we have no economic interest in the issuer in which case we would seek to refrain from voting to prevent instances of empty voting.

Figure 12.2



Man Group's Proxy Voting Guidelines

Our custom ESG Voting Policy uses the Glass Lewis standard policy as the base but applies a number of additional guidelines focused on ESG standards and applies. The Policy is active uniformly firm-wide across all investment engines. These guidelines target specific areas where we think higher standards should be promoted. In 2021, the Stewardship Team and Glass Lewis conducted a policy renewal process. The renewed policy became effective for shareholder meetings on and after 1 January 2022 and has been strengthened in two key areas: climate, including related risk mitigation and disclosure, and diversity.

The new climate policy overlay, which applies to executive compensation and director elections, is a TCFD-centred proxy voting policy that "reflects a commitment to mitigating the risks and impacts of climate-related issues". The framework established by the TCFD takes into account a company's size and sector to ensure that shareholders execute votes that both promote a transition to a low-carbon future and make sense from a financial perspective in the context of a company's operations. The climate policy is constructed around three tiers: Tier 1 consists of Climate Action 100+ companies and receives the highest degree of scrutiny; Tier 2 consists of companies that SASB has identified as having a financially material risk due to GHG emissions; and Tier 3 comprises all remaining companies, which have lower exposure to climate risks. In a move towards hardening our stance on these issues, we anticipate that the new climate policy overlay will significantly increase the level of against votes in 2022.

The Man Group ESG Voting Policy and the additions in 2022 are reflected in the table below:

Table 12.1

Key Areas	Man Group ESG Voting Policy (pre 2022)	Additions to take effect from 2022
1. Board Gender Diversity	Vote against the chair of the nomination committee wherein a company fails to meet legal requirements, nominate any women to the board, or meet the best practice standard prevalent in the market and has not disclosed any cogent explanation or plan to promote board gender diversity.	At large cap companies, vote against the male members of the nominating and/or governance committee when there is less than 30% female representation on the board of directors. At small cap companies, vote against the male members of the nominating and/or governance committee when there is not at least one woman serving on the board.
2. Board Tenure and Refreshment	Vote against members of the nomination and/or governance committees wherein the board has an average tenure of greater than 10 years and there have been no new nominees in the last 5 years.	Unchanged
3. Executive Compensation	Vote against executive compensation policies wherein a company has received a Glass Lewis Pay-for-Performance grade of 'D' or 'F' and sustainability is not an explicit consideration when determining executive pay.	Vote against executive compensation policies if compensation is not linked to environmental issues, sustainability or climate change.
4. Independent Auditor	Vote against reappointment if the auditor has served for longer than 20 years.	Unchanged
5. Reincorporation	Vote against reincorporation proposals wherein a Company will be reincorporating to a tax haven and / or reincorporating offshore for tax and / or governance avoidance or to the detriment of shareholders.	Unchanged
6. Shareholder Proposals	Support shareholder initiatives that request additional disclosure on behalf of a company or are otherwise environmentally or socially positive, and not conversely aimed at limiting disclosure or consideration of key issues.	Unchanged
7. Climate policy overlay on Director Elections	Not applied	Vote against if the company lacks an ESG committee, has experienced environmental / climate-related issues or concerns are identified in relation to GHG emissions or SBTi GHG emission targets, or other related issues.

Use of Proxy Voting Services

We are supported by a third-party proxy voting service provider to vote proxies on our behalf. Our proxy voting service provider Glass Lewis assists us in assessing corporate governance considerations and in providing voting recommendations for investee companies according to our ESG Voting Policy.

We use Glass Lewis's voting platform 'Viewpoint' to vote our shares electronically, receive research reports and custom voting recommendations. We have monitoring controls in place to ensure that the recommendations provided are in accordance with our ESG Voting Policy and that our votes are timely and effectively instructed. Specifically, our voting framework employs screening to identify high-value positions and the Stewardship Team manually reviews the pre-populated votes for such positions. In addition to this manual check, we also have in place electronic alerts to inform us of votes against our policy, votes that need manual input and rejected votes that require further action.

Glass Lewis is an advisor only. We retain the ability to override any vote decisions.

We are also alerted by Glass Lewis when new Man Group accounts are set-up on Proxy Edge, the ultimate voting platform managed by Broadridge. This complements internal alerts we receive from the New Business Team when new funds are set up across the various investment engines within Man Group. These systems allow us to monitor what shares and voting rights we have. Once a new account is identified the Stewardship Team must decipher internally whether cash equities will be held and hence that the account will need setting up for proxy voting.

Our Proxy Voting Framework – Significant Votes

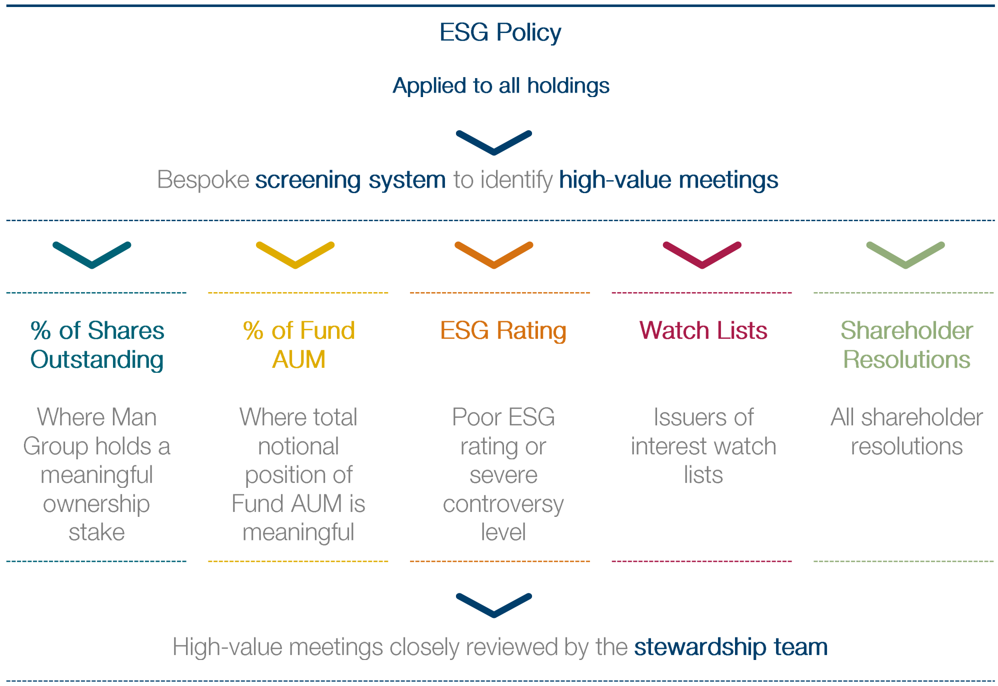
Our voting framework employs screening to identify high-value meetings. Any prepopulated votes for such meetings are manually reviewed by the Stewardship Team. This allows us to monitor the quality and accuracy of the research and voting recommendations provided by our third-party provider Glass Lewis and to keep up-to date with the governance system and practices of these companies.

Our screening combines an internal metric on deemed importance of the meeting with the ESG rating from a third-party provider (Sustainalytics). It also includes watch lists of sensitive securities, such as issuers Man Group is engaging with and high-profile events. Finally, all shareholder resolutions are reviewed and voted in house.

- % of Shares Outstanding: Where Man Group holds a significant ownership stake
- % of Fund AUM: Where total notional position of Fund AUM is meaningful
- ESG Rating: Poor ESG rating or severe controversy level
- Watch lists: 'Issuers of interest' watch lists
- Shareholder Resolutions: All shareholder resolution

Figure 12.3

Man Group's Proxy Voting progress



Synthetic Instruments

As previously noted, Man Group manages a number of strategies where it is a normal practice to hold certain positions through synthetic instruments such as equity swaps. Where positions are expressed through synthetic exposure, the underlying ownership of the position is held by a prime broker. While synthetic instruments carry the benefit of lower transaction costs, they also make it possible to express short positions in strategies such as UCITS funds that prohibit outright short sales of physical positions. For securities where we choose to own synthetic instruments, we maintain economic ownership, benefiting from the distribution of cash dividends and share splits. However, we do not own the underlying shares and, consequently, are limited in exercising our voting rights for those companies.

In the event that an investee company where we own synthetic exposure proposes a voting recommendation that we disagree with, we may choose to inform the company about our views and potentially convert our synthetic position to physical share ownership to better express our voting intentions. If we choose not to convert our synthetic position to physical share ownership, we will have no rights or means of influence for the holding. Synthetic instruments like equity swaps are designed to be held at arms-length with the prime broker. Prime brokers, themselves, may not even own the underlying physical position as there is no requirement for them to hold an equal and opposite hedge. Lastly, synthetic instruments can best be characterised as cash not physically settled. As such, while Man Group may or may not choose to swap out of the synthetic instrument into the physical position, it should be noted that conversion is not always an automatic right.

Stock Lending

Stock positions lent on behalf of Man Group funds are done so through our custodial agency stock-lending program. Because Man Group has no direct management in the running of this scheme, we do not typically engage in stock recalls, however we will occasionally request for shares to be recalled in order to vote if the meeting is deemed to be important by the Stewardship Team on a case-by-case basis.

Transparency and Reporting

Man Group publishes details on proxy voting activity on its RI website on a quarterly basis, including overall firm voting data at a meeting, ballot and proposal level. Viewers will note that Man Group does not automatically support management proposals. Companies may be informed of our dissenting vote upon which some may choose to conduct follow-up discussions to understand our rationale for voting against or abstention. Because of the breadth and number of investment strategies across Man Group, we do not publicly display voting activity at a fund level. However, Man Group does make fund and strategy-level voting activity available for clients upon request. In addition, Man Group also makes fund and strategy-level voting activity available for all investment teams within our proprietary Man Group ESG Analytics Tool.

As a general reporting format, Man Group will provide the following voting disclosure data as illustrated below: meetings attended and voted; ballot overview including votable ballots and ballots voted; and proposal overview including votable items, items voted, votes against, votes abstain, votes with policy, votes against policy, votes with management, votes against management and votes on shareholder proposals.

For 2021, Man Group voted as follows:

Table 12.2

Man Group Voting Overview, 2021

Meetings	Number	Percentage
Total	7596	
Voted*	7409	97.54%
Unvoted	5	0.07%
Meetings with at least 1 vote against management	2973	40.13%

Ballots	Number	Percentage
Total	36254	
Voted*	35796	98.74%
Unvoted	36	0.10%

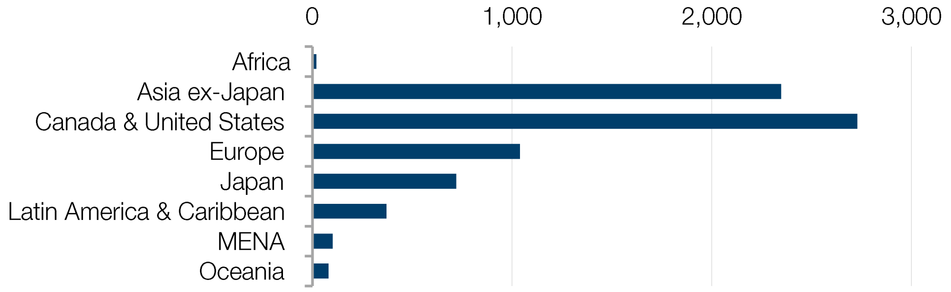
Region	Meetings Voted
Total for all Regions	7409
Africa	20
Asia ex-Japan	2348
Canada & United States	2729
Europe	1039
Japan	721
Latin America & Caribbean	371
MENA	101
Oceania	80

Proposals	Number	Percentage
Total	74664	
Voted*	72279	96.81%
Unvoted	28	0.04%
Votes against	7257	10.04%
Votes abstain	941	1.30%
Votes with policy	72076	99.72%
Votes against policy	69	0.10%
Votes with management	63462	87.80%
Votes against management	8189	11.33%
Votes on shareholder proposals	1054	1.46%

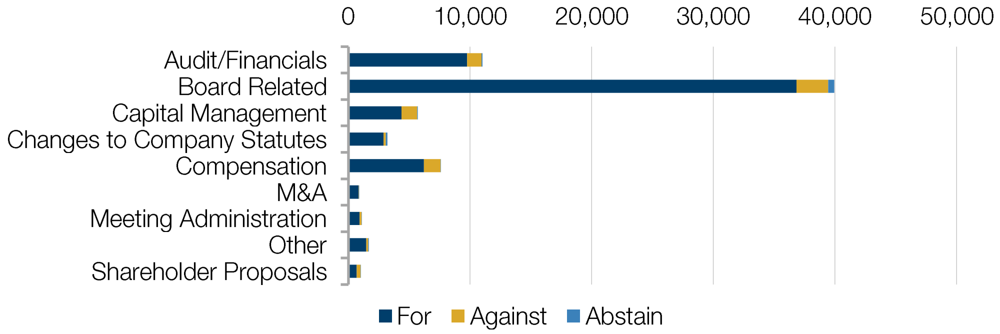
* Excludes Take No Action (TNA). In line with our voting policy, in exceptional cases, we may TNA due to additional costs associated with the vote which we believe are not beneficial to our clients. This includes share blocking and equity positions held purely for financing purposes (meaning that our clients have no economic interest in the issuer).

Figure 12.4

Votes by region - Year 2021



Votes by topic - Year 2021



Votes on shareholder proposals - Year 2021

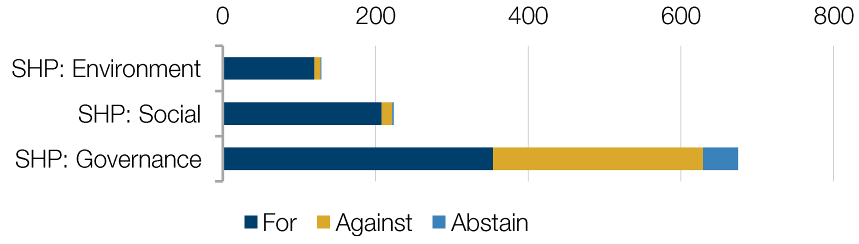


Figure 12.5

% Votes in favour of shareholder resolutions FY21

*Reasons for opposition were in instances where the proposals were considered detrimental/not environmentally positive. Our ESG Voting Policy supports shareholder initiatives that request additional disclosure on behalf of a company or are otherwise environmentally or socially positive, and not conversely aimed at limiting disclosure or consideration of key issues

Engagement Activities and Engagement and Proxy Voting Outcomes Reporting

2021 in Numbers

Voting Recap - In 2021, Man Group:

- Voted at 7,596 meetings
- Voted on 74,664 resolutions
- Voted on 98.74% of ordinary shares (using the proportion of ballots voted as the indicator)
- Opposed more than 7,000 resolutions globally
- Voted against management at 40.13% of meetings
- Engaged with 384 companies
- Supported 93.02% of environmental-related shareholder resolutions
- Most common topic of engagement: Climate Change

Engagement

Number of companies engaged: 384

Number of countries covered: 43

Direct Engagement

Number of companies engaged: 89

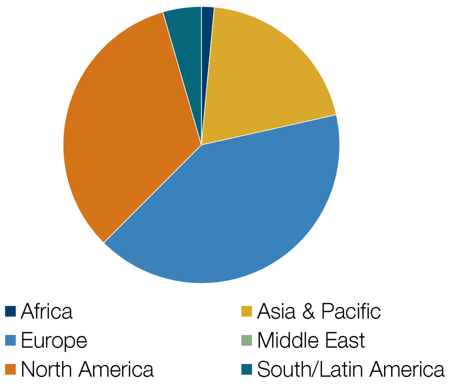
Number of interactions: 286

Collaborative Engagement

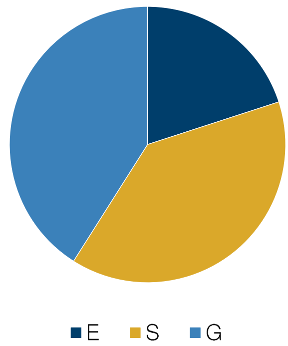
Number of companies engaged: 298

Figure 12.6

Engagements overview by region



Engagements overview by ESG category



Top five engagement topics

1. Climate Change
2. Diversity
3. Compensation
4. Shareholder Rights
5. Labour Relations

Table 12.3

Engagement results	
Success	11
Positive progress	321
Flat progress	9
No success	56

Voting & Engagement Highlights

- In 2021, we voted on 74,664 management and shareholder proposals at more than 7,000 meetings, voting against management on at least one agenda item at 40.1% of meetings.
- We continued to promote good corporate governance and high ESG standards with the application of our Global Proxy Voting Policy, voting in favour of 93.0% of environmental-related and 92.9% of social-related shareholder proposals.
- As a result of our voting record, we were ranked by ShareAction, in their recent report Voting Matters 2021, as the tenth best asset manager supporting resolutions on climate and social matters.
- We engaged with 384 companies across 43 countries on ESG issues (89 direct engagements and 298 engagements in collaboration with other shareholders). Climate Change, Diversity, Compensation, Shareholder Rights and Labour Relations were key areas of discussion.
- Looking forward to 2022, our ESG Voting Policy has been reviewed, effective for shareholder meetings on and after 1 January 2022. The policy has been strengthened in two key areas: climate, including related risk mitigation and disclosure, and diversity.

The execution of voting rights is a key element of Man Group's active ownership approach. We carry out our fiduciary duty by voting at shareholder meetings and expressing our support for (or concern with) management and shareholder resolutions.

Man Group's Stewardship Team oversees all proxy voting activity at the firm level. Our voting policy seeks to encourage good corporate governance practices and promote ESG standards, whilst taking into consideration both company specific circumstances and broader market differences.

Proxy Voting Case Studies

Please note the organisations and/or financial instruments mentioned below are for reference purposes only. The content of this material should not be construed as a recommendation for their purchase or sale.

Case Study 1

Rio Tinto plc/Ltd

Region: Europe / Asia & Pacific

Sector: Materials

Industry: Metals & Mining

Topic: Remuneration

Meeting Date: 9 April 2021

Resolution: Remuneration Report

Our vote and rationale: AGAINST – Questionable remuneration outcomes for former CEO

The company engages in finding, mining, and processing mineral resources worldwide and offers iron ore, aluminium, copper and minerals. The company operates under a dual-listed structure with primary listings in both the United Kingdom and Australia, with two separate but identical boards. On 24 May 2020, as part of the expansion of an iron-ore mine in the Pilibara region of Western Australia, the Company blasted two ancient rock shelters in the Juukan Gorge, causing irreversible damage to an Aboriginal cultural heritage site. The destruction of the Juukan Gorge sparked a public outcry and led to a national inquiry that ultimately caused the resignation of a number of top-level executives, including the Company's Chief Executive Officer Jean-Sébastien Jacques. In terms of remuneration, of particular concern was the outgoing Chief Executive Officer's termination arrangements and the application of malus on his outstanding LTIP awards. A malus reduction of £1 million was applied to Jean-Sébastien Jacques' 2016 LTIP awards, which were due to vest in 2021. The remuneration committee provided limited detail on how the malus adjustment was reached and given the reputational damage caused to the company following the events, the level of pay for the Chief Executive Officer on termination was considered excessive.

Vote Result: Resolution approved – The remuneration report votes were defeated at both the plc and Ltd meetings with only 38% and 39% support, respectively. In response, the company stated that the board acknowledges that the executive pay outcomes in relation to the tragic events at Juukan Gorge are sensitive and contentious issues. It is said that shareholder feedback was reflected in the renewed remuneration policy which strengthens the board's ability to exercise discretion through the revised malus provisions in relation to events having a major adverse impact on the Group's social license to operate or reputation. In addition, the new policy introduces ESG metrics, including in relation to communities and heritage management, into the bonus framework. The company agreed to further shareholder engagement following the vote.

Case Study 2

Toshiba Corp

Region: Asia & Pacific

Sector: Industrials

Industry: Industrials Conglomerates

Topic: Shareholder Rights

Meeting Date: 18 March 2021

Resolution: Shareholder Proposal Regarding AGM Investigation

Our vote and rationale: FOR - Conflicted review process

The company, together with its subsidiaries, provides electronic devices and storage solutions worldwide. At an extraordinary shareholder meeting a shareholder resolution was filed calling for a re-investigation of the way the voting rights were counted and managed at the 2020 annual general meeting. The proposal was filed by Effissimo Capital Management, Toshiba's largest shareholder. We agree with the proponent that it was unclear whether the shareholder meeting was conducted in a fair and impartial manner and that the internal investigation completed previously was inadequate. The same proponent failed in 2020 to have their own candidates elected to the board. Reports later emerged that the votes of certain shareholders were not counted, impacting voting outcomes and bringing shareholder rights into sharp focus.

Vote Result: Resolution approved – The company recommended shareholders vote against the motion, however, the simple majority required for it to pass was met.

Case Study 3

DuPont deNemours Inc

Region: North America

Sector: Materials

Industry: Chemicals

Topic: Diversity & Inclusion

Meeting Date: 28 April 2021

Resolution: Shareholder Proposal Regarding Diversity Reporting

Our vote and rationale: FOR – Favour improved labour reporting/monitoring

The company provides technology-based materials, ingredients, and solutions in the United States, Canada, the Asia Pacific, Latin America, Europe, the Middle East, and Africa. In the US, firms already share 'Equal Employment Opportunity (EEO-1)' data with the federal government and at the company this year a shareholder resolution was filed requesting public disclosure of EEO-1 and promotion data and reporting on DEI in order to ensure total transparency and equality of opportunity.

Vote Result: Resolution approved – While the company recommended shareholders to vote against the resolution, the motion passed comfortably with 84% shareholder support. We believe EEO-1 reports provide shareholders with standardised and comparable information concerning a company's workforce diversity and that such reporting would be beneficial at the company.

Case Study 4

Booking Holdings Inc

Country: North America

Sector: Consumer Discretionary

Industry: Internet and Direct Marketing Retail

Topic: Climate

Meeting Date: 3 June 2021

Resolution: Shareholder Proposal Regarding Climate Transition Report

Our vote and rationale: FOR – Favour increased environmental reporting/responsibility

The company provides travel and restaurant online reservation and related services worldwide. The company was targeted by a shareholder resolution which requested that the Company issue a climate transition report on an annual basis. It was considered that there is room for improvement in terms of the company's climate disclosures, including in relation to climate-related risk. Such improvement would allow shareholder insight into how the company is considering, monitoring and managing climate-elated risks.

Vote Result: Resolution approved – While the company recommended shareholders to vote against the resolution, the motion received majority support at 56%. We would urge the company to take this as an opportunity to make valuable commitments in this area.

Engagement Case Studies

Case Study 5

HSBC Holdings plc

Region: Europe

Sector: Financials

Industry: Banks

Topic: Climate Change

Objective: To set and publish a strategy and short-, medium- and long-term targets to reduce the bank's exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement.

Background: In October 2020, HSBC announced an ambition to be a net zero bank by 2050 at the latest. Although an important move, this announcement was seen critically by some investors and other stakeholders for making no commitment to reduce the bank's funding for fossil fuels, particularly coal.

Approach: Man Group co-filed a shareholder resolution, together with 14 other institutional investors (representing $2.4 trillion in assets under management) and 117 individual investors. The resolution, co-ordinated by RI NGO ShareAction, followed a long engagement process with the bank over its climate strategy and commitment. We participated in several open and constructive engagement meetings with the bank and expressed the need for tangible action on net zero targets, a robust coal financing policy and appropriate client transition strategies. A collective investor letter outlining investors' expectations was also sent to HSBC.

Outcome: As a result of the engagement and investor pressure, HSBC committed to ramp up its climate change policies and stop financing coal projects by 2040, proposing its own management-led resolution on climate change at its May AGM. Under this board-backed resolution, the bank committed to set science-based targets to align its financing of companies with the Paris Agreement, starting with oil, gas, power and utilities companies in 2021, and to report on the process of its climate change efforts on an annual basis. The coalition of investors and ShareAction agreed to drop the shareholder resolution and back the bank's own resolution with the expectation that the bank followed through on its commitment with serious action.

Case Study 6

BT Group plc

Region: Europe

Sector: Communication Services

Industry: Diversified Telecommunication Services

Topic: Board / Succession Planning

Objective: To send a collective message to the BT Board regarding the new Chair recruitment, the importance of a strong and transparent selection process and the preference for an external hire.

Background: As a member of the Investor Forum, we were invited to join a collective engagement with BT Group plc following the surprise announcement of the departure of the incumbent Chair and press speculation about a potential internal candidate.

Approach: A collective letter was sent to senior independent director (SID) Iain Conn at BT Group seeking to highlight a number of considerations regarding the recruitment process and the need for a strong external candidate given the demanding nature of the role of Chair, the key role of the Board in overseeing strategy and challenging the executive team, and the strategic and operational issues facing the company. The Investor Forum also held a meeting with the SID in order to receive clarification on the criteria identified for the new Chair and better express the views of its members.

Outcome: BT Group announced the appointment of Adam Crozier as Chair in August 2021. The appointment of an external Chair was welcomed and the objective of the engagement to inform an effective and timely process of Chair succession successfully completed.

Case Study 7

Delivery Hero SE

Region: Europe

Sector: Consumer Discretionary

Industry: Internet and Direct Marketing Retail

Topic: Climate Change / Remuneration

Objective: To encourage enhanced GHG reporting and reduction targets and the integration of ESG metrics into executive compensation.

Background: We started engaging with Delivery Hero in 2020 following the announcement of its ambition to become carbon neutral globally in 2021 and the launch of a global scalable packaging program. We continued our close dialogue with the company in 2021 to ensure the implementation of the actions agreed and to reinforce our views regarding the importance of ESG-related efforts, including the benefit of an ESG component in determining executive remuneration.

Approach: We spoke with the CFO, IR team and Director of Sustainability regarding the importance of reducing the company's reliance on offsetting and the need to have clear emissions targets for all regions. We also reinforced our preference towards a remuneration structure that takes into account ESG metrics and aligns management and shareholder's interests and expectations.

Outcome: We were encouraged by the positive progress made by the company since our last communication, particularly regarding Delivery's Hero commitment to publish science-based reduction targets with its 2021 Annual Report (including all 3 scopes) and the introduction of an ESG-related metric in the annual bonus for management.

Case Study 8

Dai-ichi Life Holdings Inc

Region: Asia

Sector: Financials

Industry: Insurance

Topic: Business Ethics

Objective: To seek clarification on both the preventive and remedial actions planned by the company following a number of incidents regarding embezzlement of funds and provide feedback on the announced management quality reform project.

Background: Dai-ichi Life Holdings was affected by a series of fraudulent incidents with employees illegally collecting large sums of money from customers, raising serious questions on how the company conducted its business activities, the role of its corporate culture and the lack of anti-fraud policies.

Approach: We held a virtual meeting with the company to discuss its management quality reform and the importance of putting in place strong measures to prevent financial fraud, establish a new corporate culture, and recover the trust of stakeholders.

Outcome: We were pleased with the communication we had with the company and the frank discussion and response provided. Dai-ichi recognised the severity of the incidents and how it needed to make a number of changes. The company provided a detailed list of immediate, short and long-term actions and also agreed to report regularly on its reform.

Case Study 9

Canacol Energy Ltd

Country: North America

Sector: Energy

Industry: Oil, Gas & Consumable Fuels

Topic: Diversity

Objective: To ask the company for additional details in respect to their diversity commitments.

Background: The company is primarily engaged in natural gas exploration and development activities in Colombia and was identified internally as having poor board-level diversity.

Approach: We spoke with the IR team and the ESG Manager whom provided answers to our questions in relation to the company's diversity policy, oversight of diversity-related issues and targets on this matter.

Outcome: The company understands the importance of gender diversity but also considers other factors when making board appointments, including, skills, background, experience, independence and knowledge. The company does not set specific diversity-related targets but there is an aim to increase women in senior management and technical areas. The company committed to release a corporate diversity policy in the next 12 months.

Case Study 10

Activision Blizzard Inc

Region: North America

Sector: Communication Services

Industry: Entertainment

Topic: Labour Relations

Objective: To seek clarification on both the preventive and remedial actions planned by the company in response to allegations of sexual harassment and gender discrimination by company employees.

Background: The company is a developer and publisher of interactive entertainment content and service. A unilateral engagement was initiated in response to concerns following extensive media coverage and a subsequent lawsuit in relation to allegations made by current-serving and former employees over widespread instances of sexual harassment and gender discrimination at Activision. Though we acknowledged that Activision had taken steps to address these allegations, with the dismissal of approximately 20 members of staff at the time of engagement, amongst other commitments to becoming a more inclusive and diverse workplace, we felt that it fell short of what was necessary for Activision to demonstrate that it would seriously tackle the issue.

Approach: We wrote to the company and had a meeting with the Investor Relations team making a number of principle requests, most notably that Activision Blizzard report on governance and control functions, disclose their grievance reporting, update their DEI policy, and commit to policy of zero-tolerance to harassment. This approach was undertaken by the Stewardship Team, with the support of the relevant investment engines at Man Group invested in Activision Blizzard.

Outcome: A number of reassurances were made to address our concerns, with specific reference to the creation of a "Workplace Responsibility Committee", initially comprised of two independent directors, with a mandate to oversee the Company's progress in successfully implementing its new policies, procedures, and commitments. This was followed with an invitation to engage with them later in 2022 to discuss progress.

Education & Thought Leadership

Man Group is committed to promoting and raising awareness for RI within the firm and more widely across the industry. We regularly advocate for ESG integration and climate considerations at leading industry conferences and host external speakers to educate our investment teams on ESG-related issues.

RI takes a number of forms and is constantly evolving. We believe it is important to regularly assess and challenge the thinking in this field, examining the theories and practices which allow us to create truly responsible approaches to add value for clients. As part of this, we regularly produce editorial commentary pieces on RI themes and participate in industry events to share our views and help further the debate. Additionally, we contribute to academic textbooks on ESG and sustainability; for example, Head of RI Research, Jason Mitchell, and CIO of RI, Robert Furdak, contributed to the CFA Institute's Certificate in ESG Investing curriculum and the CFA's award-winning paper Climate Change Analysis in the Investment Process, respectively. Man Group is also actively contributing to the asset management industry's RI expertise and promoting best practices and education in ESG for our clients via our dedicated educational, research and thought leadership website Man Institute.

Man Group's educational initiatives consist of an award-winning, educational podcast series, ***A Sustainable Future***. The podcast series focuses on what we are doing today to build a more sustainable world tomorrow, and each episode is an open-ended exploration into the approaches, ideas, themes and stories shaping sustainable finance. Hosted by Jason Mitchell, Man Group's Head of RI research, the podcast makes a conscious effort to promote diverse perspectives and create a neutral ground, combining critical commentary from asset owners, managers, consultants, academics and policymakers.

Man Group's RI Committee provides the firm's employees with comprehensive educational resources on RI, including:

- Man Group maintains an internal program to educate investment teams about RI and approaches to integrating ESG.
- Man Group also provides thematic education sessions to staff throughout the year. Sessions are typically held quarterly and cover a spectrum of ESG topics with expert speakers including NGOs, experts and climate scientists presenting to staff.

Man Group Education Series

Session 1: Tobacco Free Portfolios

Session 2: New Plastics Economy

Session 3: Sugar, Fat, Salt and Obesity

Session 4: Impact of Climate Change on Industry

Session 5: Fast Fashion and Sustainability

Session 6: UN Sustainable Development Goals (SDGs)

Session 7: ClimateCare

Session 8: Climate Change

Session 9: Biodiversity

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